No. 330/11

No. 557

DEPARTMENT OF OVERSEAS TRADE

Conditions and Prospects of

United Kingdom Trade

IN

INDIA

1932-1933

(Revised to July, 1933)

REPORT

BY

SIR THOMAS M. AINSCOUGH, C.B.E., M.Com., F.R.G.S.
H.M. Senior Trade Commissioner in India and Ceylon.

(The previous Report covered the year 1930-31)

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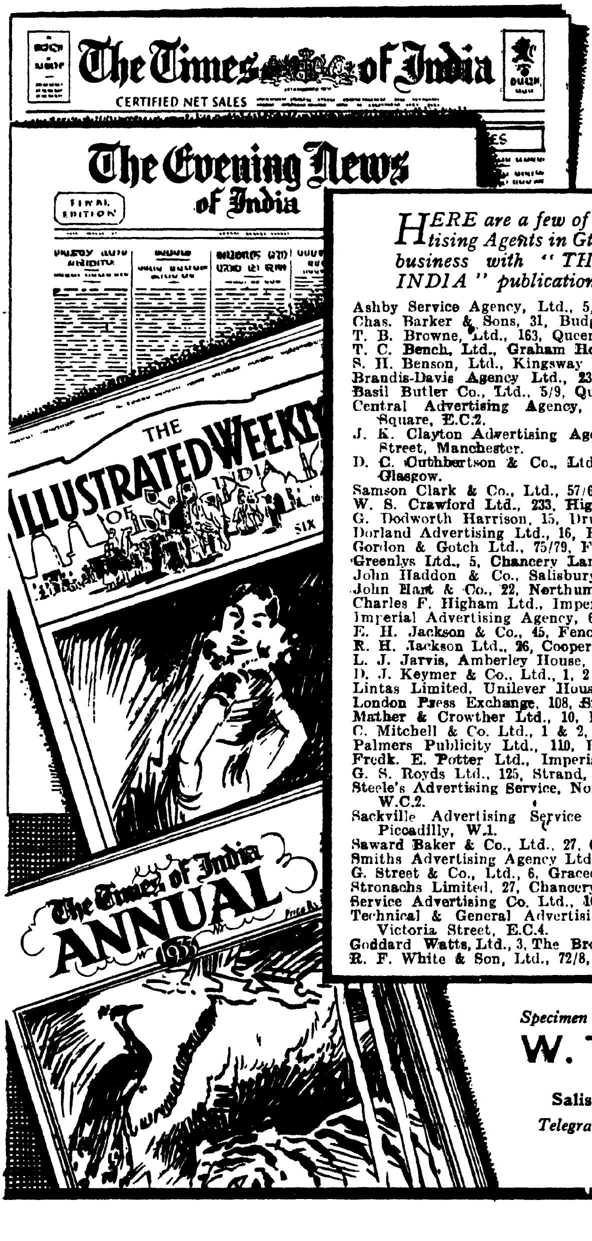

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The Trade Commissioners have the assistance of Imperial Trade Correspondents at a number of important centres.

There are also Imperial Trade Correspondents in those parts of the Empire to which Trade Commissioners have not been appointed.

The Department is represented in India, Burma and Ceylon by Sir Thomas M. Ainscough, C.B.E., H.M. Senior Trade Commissioner, whose headquarters are at Calcutta; Mr. R. B. Willmot, H.M. Trade Commissioner, Calcutta; and Mr. W. D. Montgomery Clarke, H.M. Trade Commissioner, Bombay.

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Further information regarding the above Services can be obtained on application to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

Members of United Kingdom firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

NOTE.

It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects those of the Department.

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To the Right Honourable Walter Runciman, P.C., M.P., President of the Board of Trade.

Office of H.M. Senior Trade Commissioner in India,
" Fairlie House," Fairlie Place,
Calcutta.

July 21st, 1933.

SIR,

I have the honour to forward for your information a Report on the Conditions and Prospects of United Kingdom Trade in India during the Indian fiscal year 1932/33 revised to July, 1933.

The year has been an abnormal one in that the further heavy fall in India's exports was fortunately more than offset by the shipments of gold bullion, which enabled the international balance to be maintained, relieved distress among the cultivators and released a certain amount of purchasing power, which was expended in low-priced imported goods, mainly of Japanese origin.

The period under review is noteworthy if only for the reason that a definite check has been given to the downward trend, which had been almost continuous during the past twelve years of the United Kingdom share of India's imports. This satisfactory change became apparent before the epoch-making trade agreement between the two countries was concluded at Ottawa and ratified by the Government of India, in December, 1932. The beneficial effects of the preferential duties are already beginning to be realised and will become more marked as the economic depression lifts. I am hopeful that the general revival in trade, of which there are unmistakable signs, will be accompanied by a steady strengthening of the United Kingdom position in the import trade of her most valuable market. This, however, can only be accomplished by systematic and carefully planned effort on the part of United Kingdom manufacturers and merchants and a determination to follow up, with energy and imaginative foresight, the fiscal advantages which were secured for them at the Ottawa Conference.

Once again I have pleasure in acknowledging my indebtedness to the Officials of the Commerce, Industries and Finance Departments of the Government of India for their unfailing courtesy and assistance during a difficult year. Special thanks are due to the Director-General of Commercial Intelligence and Statistics and his staff, who have prepared the special tables embodied in the report, to the Chief Controller and staff of the Indian Stores Department and, above all, to the Collectors of Customs for their valuable help and co-operation which has always been so willingly rendered.

I have the honour to be, Sir,

Your most obedient servant,

THOMAS M. AINSCOUGH,

H.M. Senior Trade Commissioner in India.

PREFATORY TABLES

NOTE.—*The author desires to express his indebtedness to the Director-General of Commercial Intelligence and Statistics for the particulars given in these tables.*

I.—TRADE DISTRIBUTION :- PRINCIPAL ARTICLES

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL ARTICLES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

IMPORTS (*in percentages*).

(Sea borne : exclusive of treasure and of imports on Government account).

	1909–14. *Average.*	1914–19. *Average.*	1930–31.	1931–32.	1932–33.
Cotton manufactures ...	36	35	15	15	20
Iron and Steel	7	6	7	5	4
Machinery	4	4	9	9	8
Sugar	9	10	7	5	3
Hardware	2	2	2	2	2
Mineral Oil	3	3	6	7	5
Silk	3	2	1	2	2
Other articles...	36	38	53	55	56

EXPORTS (*in percentages*).

(Sea borne : exclusive of treasure and of exports on Government account).

	1909–14. *Average.*	1914–19. *Average.*	1930–31.	1931–32.	1932–33.
Jute, raw and manufactures	19	25	20	21	24
Cotton, raw and manufactures	15	16	24	18	18
Food grains	21	17	14	13	12
Seeds	11	6	8	9	9
Tea	6	8	11	12	13
Hides and skins	7	8	2	2	2
Other articles...	21	20	21	25	22

II.—TRADE DISTRIBUTION:- PRINCIPAL COUNTRIES

TABLE SHOWING VARIATIONS IN THE SHARE OF THE PRINCIPAL COUNTRIES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

IMPORTS (*in percentages*).

(Sea borne: exclusive of treasure and of imports on Government account).

	1909-14. *Average.*	1914-19. *Average.*	1930-31.	1931-32.	1932-33.
United Kingdom	63	56	37	36	37
Other parts of the British Empire	7	9	9	9	8
United States of America ...	3	7	9	10	9
Japan	2	10	9	11	16
Java	6	8	6	4	3
Germany	6	1	7	8	8
Other Foreign Countries ...	13	9	23	22	19

NOTE.—Imports from Germany during the quinquennium 1914-19, consisted mostly of receipts in the early part of the official year 1914-15, and the residue of cargoes of prize vessels imported during the war period.

EXPORTS* (*in percentages*).

(Sea borne: exclusive of treasure and of exports on Government account).

	1909-14. *Average.*	1914-19. *Average.*	1930-31.	1931-32.	1932-33.
United Kingdom	25	31	21	28	28
Other parts of the British Empire	16	21	14	17	18
United States of America ...	8	12	12	9	7
Japan	8	11	10	9	10
France	7	4	5	5	5
Germany	10	1	9	6	6
Other Foreign Countries ...	26	20	29	26	26

NOTE.—Exports to Germany during the quinquennium, 1914-19, were confined to the early part of the official year 1914-15.

* Including re-exports.

COMMERCIAL SUMMARY

Area—

	Sq. miles.
British India	1,096,171
Native States	712,508
Total	1,808,679

Population Census of 1931—

British India	271,526,933
Native States	81,310,845
Total	352,837,778

Language for Commercial usage—English.

Monetary unit(s)—

3 pies = 1 pice.
4 pice = 1 anna.
16 annas = 1 rupee.
1 lakh = Rs. 1,00,000 (or £7,500 at 1s. 6d. to the rupee)
1 crore = 100 lakhs (or £750,000 at 1s. 6d. to the rupee)
e.g., Rs. 1,45,67,200 = 1 crore, 45 lakhs, 67,200 rupees.

Rate of Exchange (pre-war and current average quotations)—

Pre-war	1s. 4d.
Current. June 30th, 1933	1s. 6d.

Index Numbers—July, 1914 = 100.

Wholesale prices, Bombay.	April, 1933 = 96.
Retail prices (food), Bombay	Twelve Monthly Average, 1932 = 104.
Cost of living (working class), Bombay	April, 1933 = 101.

Principal weights and measures (other than ordinary metric or British) with British equivalents.

Weights and measures in India vary not only from district to district but also for different commodities within the same district, and though the railways have given a lead to the adoption of a uniform system, the country is so vast that the differences are likely to persist for many years to come. The principal units in all the scales of weights are the maund, seer and the tola, and the standard weights for each of these are, respectively, 82.28 lbs., 2.057 lbs. and 180 grains troy. The tola is the same weight as the rupee. In addition to these weights, there is the viss of 3.60 lbs. or 140 tolas and the candy of 500 to 840 lbs. It is not necessary for the purposes of this volume to detail any variation of the weight of the maund, except those which enter into the export trade. It will be sufficient to say that in any particular city there are probably as many different maunds as there are articles to weigh. The only varieties which need be considered in connection with the foreign trade are the Bengal or railway maund already specified, the factory maund of 74 lbs. 10 ozs. 11 drs., the Bombay maund of 28 lbs. and the Madras maund of 25 lbs. In October, 1913, the Government of India appointed a Committee to inquire into the whole question, and their majority report, which was presented in the following year, recommended the extension of the railway system based on the 180 grains tola, while the minority report advocated the adoption of the metric system. The views of the Provincial Governments on these reports

were obtained and the Government of India in their Resolution dated the 3rd January, 1922, declared themselves in favour of the ultimate adoption in India, excluding Burma, of a uniform system of weights based on the scale now in use on the railways. It has been decided that no new measures prescribing all-India measures of weight or capacity should be introduced at present but that the Local Government should take such executive action as they can to educate public opinion in favour of the standard maund and seer.

In the table below an attempt has been made to present within a small compass the principal weights and measures employed in the Indian export trade.

Principal weights and measures in use in the export trade.

Name of Unit.	*British Imperial Value.*
General.	
Tola	180 grains troy.
Seer (Standard or Railway or Indian)	2.057 lbs.
Seer (Factory)	1 lb. 13.5 oz.
Viss	3.60 lbs.
Maund (Standard or 40 seers Railway or Indian)	82 lbs. 4 oz. 9 dr.
Maund (Factory)	74 lbs. 10 oz. 11 dr.

NOTE.—For local variations consult "Handbook of Commercial Information for India," by C. W. E. Cotton, C.I.E., I.C.S., 2nd Edition, 1924.

Total Imports—1st April, 1932 *to* 31*st March,* 1933.

	Rs.
Merchandise	1,32,58,29,635
Government Stores	2,43,32,879
Treasure	2,99,13,188
Total	1,38,00,75,702

Principal Imports—Cotton manufactures, machinery, iron and steel, sugar, oils, raw cotton.

	Rs.
Imports of merchandise from United Kingdom	48,77,16,240
,, ,, ,, Japan	20,50,17,602
,, ,, ,, U.S.A.	11,24,52,807
,, ,, ,, Germany	10,36,88,635

Total Exports.—(Indian merchandise). 1*st April,* 1932 *to* 31*st March,* 1933. Rs. 1,32,43,56,937.

Principal Exports—Cotton, jute and jute manufactures, grain, pulse, tea and seeds.

	Rs.
Exports of Indian merchandise to United Kingdom	37,55,39,420
,, ,, ,, U.S.A.	9,75,91,546
,, ,, ,, Japan	13,94,98,066
,, ,, ,, Germany	7,99,65,846
,, ,, ,, France	7,34,98,496

Railway mileage.—31st March, 1932.

Railways owned by the State	45,486
Other railways	12,724
Total route mileage opened for traffic	58,210

REPORT on the CONDITIONS and PROSPECTS of BRITISH TRADE in INDIA, 1932—33

CHAPTER I

GENERAL REVIEW OF THE PERIOD

The year 1932/33 probably witnessed the nadir of India's economic history for many years to come. Once again, India's trade and economic life have been at the mercy of those devastating world-wide forces which have forced commodity prices to still lower depths, have restricted international exchange of goods to the barest necessities, and have reduced the purchasing power of the people until they have been forced to make heavy drafts upon their reserves of the precious metals.

The monsoon was a normal one for India as a whole and although rains were short in Bihar, the East United Provinces and the Madras Coast and excessive in the North-West Frontier Province and Sind, the total rainfall was only five per cent. in defect, so that, so far as climatic conditions were concerned, India might have been enjoying a year of normal prosperity. The Burma rice crop exceeded the abundant harvest of the previous year by nearly three per cent. and the prospects of the current crop are good. The wheat crop was a little above the average of the previous five years. Sugar cane provided a growing business for the cultivator in view of the great extension of sugar factories, which enjoyed a record crush. The figures of tea production showed a considerable advance. The jute crop was short, but, in view of the lack of demand from the mills, this was all to the good. The cotton crop also was short, but quite adequate for the requirements of the mill industry and the export markets.

The disastrous fall in prices, to which I referred at length in my last report, continued unchecked. Although the suspension of the gold standard in September, 1931, created a temporary rise expressed in sterling, the downward movement of gold prices soon brought about a further falling tendency in rupee quotations based on sterling and the year ended with rates at record low levels. The following table gives the index numbers of the principal export commodities as calculated by the Director-General of Commercial Intelligence and Statistics :—

(Basis 100 end of July, 1914).

	March 1930.	March 1931.	Sept. 1931.	March 1932.	Sept. 1932.	March 1933.
Cereals	103	85	73	70	68	61
Pulses	140	82	91	86	93	81
Tea	121	114	63	60	58	70
Oilseeds	142	90	78	74	77	69
Jute, Raw	72	45	51	49	50	38
Jute, manufactured	89	80	69	76	82	68
Cotton, raw ...	107	93	74	89	95	79
Hides and skins ...	100	80	51	54	53	54

The increase in the index for tea is the result of the international agreement for restriction which was put into operation shortly after the close of the year.

To complete the picture, however, it is desirable to show the fluctuations in the index numbers for imported articles, which are given in the next statement, compiled by the Director-General of Commercial Intelligence and Statistics :—

	Exported articles (28 quotations)	Imported articles (11 quotations)
1929—September	217	167
1930—December	138	141
1931—December	123	151
1932—January	125	149
February	124	150
March...	124	154
April	119	147
May	117	146
June	114	141
July	114	141
August	119	141
September	125	144
October	124	143
November	122	143
December	120	135
Fall in December, 1931, as compared with September, 1929	43 per cent.	10 per cent.
Fall in September, 1932, as compared with September, 1929	42 per cent.	14 per cent.
Fall in December, 1932, as compared with September, 1929	45 per cent.	19 per cent.
Fall in December, 1932, as compared with December, 1931	2.4 per cent.	10.6 per cent.

It will be remarked that, except in the case of the last twelve months, the decline in the export price level has been much greater than that in the import price level. The reversal of the process

during the past twelve months is due to very heavy imports of Japanese goods at phenomenally low prices. This has brought about a slight improvement from India's point of view in the correction of the disparity between the price levels for the main articles which she has to sell and those which she has to buy. Thus :—

	Recorded values (1)			Index Nos. of Declared values (1913-14=100) (2)			Value of trade eliminating changes in price level (calculated on the basis of declared values in 1913-14) (3)		
	1929 Rs.	1931 (Crores.) Rs.	1932 Rs.	1929	1931	1932	1929 Rs.	1931 (Crores.) Rs.	1932 R.s
Imports ...	248.6	135.7	133.7	113	87	84	220	156	159
Exports ...	321.5	164.6	134.8	124	77	79	259	214	171

The average index figure for the main export articles, taking 1913-14 prices as 100, was 77 for 1931 and 79 for 1932. On the other hand, the index figure for the main articles of import averaged 87 in 1931 and 84 in 1932. To that extent, the Indian cultivator was better off in the year under review than he was in 1931, but when one takes into account the fact that no less than 22½ per cent. of his income is spent in fixed charges such as rent, rates of all kinds, etc., the prices which he has received for his crops allow less than nothing for the purchase of even the barest necessities of existence other than food, which he usually grows for his own consumption.

A noteworthy feature of the year was the subsidence of the political agitation and boycott movement which, since 1930, has had such a restrictive effect on both overseas and domestic trade. The country was almost free from political agitation and traders were able to follow their pursuits without interference.

During the year ended March 31st, 1933, the value of India's imports increased, as compared with the corresponding period of 1932, by Rs.6 crores or 5 per cent. and amounted to Rs.133 crores. The total exports, including re-exports, fell by Rs.25 crores or 15 per cent. to Rs.136 crores. Exports of Indian merchandise showed a decrease of Rs.23 crores or 15 per cent.; re-exports also declined by Rs.1.44 crores or 31 per cent. The grand total of imports, exports and re-exports amounted to Rs.268 crores as against Rs.287 crores, a decline of Rs.19 crores or 7 per cent.

India's Export Trade 1932-33.—The further heavy fall of Rs.25 crores is attributable partly to the fall in prices already referred to, but also to a further fall in the quantities exported.

particularly of raw cotton, which has been only slightly offset by an increased consumption by Indian mills. Detailed statistics for the fiscal year 1932/33 are not yet available, but the following table, included in the budget speech of the Hon. The Finance Member, gives comparisons between the results for the calendar year 1932 and the average for the ten years from 1920 to 1930 :—

	Quantities.			Values.		
	Average of 10 years ending 1930	1932	Percentage	Average of 10 years ending 1930	1932	Percentage
				Rs. (lakhs)	Rs. (lakhs)	
1. Cotton, raw. Tons (1,000)	616	286	46	69,09	16,03	23
2. Hides & Skins (Raw & Tanned) Tons (1,000)	70	42	60	13,95	7,76	56
3. Jute, raw & manufactured. Tons (1,000)	1,499	1,176	78	72,84	31,49	43
4. Tea. lbs. (millions)	346	368	106	27,06	16,89	62
5. Groundnuts* Tons (1,000)	448	472	105	11,21	8,11	72
6. Rice (not in the husk). Tons (1,000)	2,067	2,076	100	36,98	17,16	46

* The trade in groundnuts has been expanding rapidly during the period.

To quote Sir George Schuster :—

> "This table shows how terribly the value of India's exports has declined compared with what had come to be accepted as a normal level in the post-war period. Even so, the figures as regards quantities exported—with the sole exception of cotton—have kept up in a manner which seems to justify the view that India has not even yet suffered quite so badly as most of the other countries producing primary agricultural products. Raw cotton is by far the worst sufferer and during 1932 the exports had fallen in quantity by more than half, a fall which as a result of the lower prices is increased to one of more than three-quarters in value as compared with the average for the past ten years. For jute the fall in volume was about a quarter while the fall in value is more than half. In the case of tea, although the volume of export was more than maintained, the value was reduced by more than one-third. In the case of rice, the volume of export was maintained but the value fell by over 50 per cent. Groundnuts on the other hand show an increase in quantity, but a decline in value."

Exports to the United Kingdom fell from Rs.43 to Rs.37½ crores, those to the United States from Rs.14 to Rs.9¾ crores, Germany from Rs.10¼ to Rs.8 crores, France from Rs.7½ to Rs.7¼ crores and China from Rs.7¾ to Rs.3½ crores. Shipments to Japan, however, remained constant at just under Rs.14 crores.

Present Position and Prospects of Indian Crops and Industries.—The present position (July, 1933) and future outlook for some of the principal Indian crops and industries are briefly summarised in the following notes kindly supplied by the Imperial Bank of India:—

Rice (Burma).—Paddy prices at the end of March this year touched their lowest level at Rs.55/56 per 100 baskets; by the middle of May they had recovered to their present level of Rs.66/67, at which they have since remained practically stationary. At these prices cultivators are able to show little, if any, profit and have consequently been holding up supplies in the hope of an improvement in rates. (The present rates compare with Rs.89/90 at this time last year). In spite of small arrivals, prices are kept down by the absence of demand in the Rice market, where the present price of "Big Mill Specials" at Rs.165/-, though an improvement on the lowest touched at the end of March (Rs.142/8), compares with Rs.212/8 at this time last year. No improvement can be looked for until further demand develops from outside markets, and this does not appear likely in the near future, particularly in view of the surplus stocks possessed by Japan. The assets of the Chettiars, who finance cultivation, are practically all locked up in advances in paddy lands and unless there is a very substantial advance in paddy prices next season it is difficult to see how cultivation can continue to be carried on.

Timber (Burma).—The market is stagnant, stocks are accumulating rapidly and demand decreasing steadily. Prospects are gloomy. Government are assisting to some extent by reducing royalties and making concessions in the matter of classification.

Tea (Assam, Bengal).—The inauguration of the restriction scheme has introduced considerably brighter prospects for the tea industry, and the results of the first few sales of the season have been very satisfactory. Teas for export have been realising from As.7/6 to As.9/- per lb. as compared with As.5/6 to As.6/5 at the corresponding sales last year, and prospects are considered good.

Wheat (Punjab, United Provinces).—This is practically the only agricultural product of which prices show an improvement on those of the previous year. Prices at present have a downward tendency with the increasing arrivals of the new crop, but the rate at Lyallpur is still Rs.2/11/- per maund as compared with Rs.2/2/- at this time last year. The crop forecast estimated an increase in yield of only 2 per cent. and as a result of unfavourable weather this is likely to be reduced, so that prospects of prices being fairly well maintained are considered good. There is a better all-round feeling in Northern India and more inclination to store grain for a rise and to trade generally.

Sugar (United Provinces, Bihar and Orissa).—The season which has just concluded has been a most successful one, and most factories have had a record crush and must have made good profits. The success of existing factories has induced a scramble to put up more, and fears are now being expressed lest this should result in over-production or the concentration of too many factories in certain areas. If this does not result, prospects may be still considered good.

Jute.—The recent sharp rise in the price of Gunnies and Hessians was produced solely by the rise in commodity prices in America, and rates have already re-acted. "Firsts" are now quoted at Rs.29/12 as against Rs.35/- reached at the height of the rise, though this still compares favourably with Rs.24/-, the price in March. Prospects for the mill industry, and hence for the cultivators, depend on the future demand from America. At present prices cultivation shows a fair profit.

Cotton (Punjab, Bombay).—The markets at present are entirely dominated by the situation in America and by the threatened Japanese boycott. While it is difficult to obtain clear information about Japanese decisions, it is understood that, taking into consideration the existing commitments of shippers to Japan, and also allowing holders of consignments in Japan to sell out their consignments and replace them by fresh shipments from India, the Japanese spinners have decided to admit into their country 237,000 bales. All further purchases from India have been stopped. The result has been that consignments in Japan have sold at fully Rs.10 higher than their replacing cost in Bombay, and shippers have been only too anxious to ship their full quota to Japan. This explains the recent enquiry for spot cotton in that market and also the widening of the difference between the Indian and American price-level. In fact the hiatus between the price of Indian cotton in Japan and in India, after taking into account the freight, etc., has been just equal to the widening of the difference between the Indian and American price-level, and shows to what extent Indian cotton has been hit by the Japanese boycott.

Cotton Mills (Cawnpore, Bombay).—The position in this industry is dominated by the influx of cheap Japanese goods, and it is by no means certain that the recently imposed duty will be sufficient to enable Indian Mills to meet the competition from Japan. Mills continue to carry very large stocks, and there is at present no sign of any improvement in demand from consuming centres. In Bombay many mills remained closed down.

Coconut Products (Madras).—Demand for coir yarn continues fairly steady, but the market for copra and coconut oil remains very weak and prices are declining.

Groundnuts (Madras).—Prices are still low but there are signs of an improving export demand, and a rise in prices is anticipated.

Skins and Hides (Madras).—Stocks are high and business is at present very restricted, holders being unwilling to sell at the present low prices."

India's Import Trade, 1932-33.—In striking contrast with the further contraction in the export trade, the value of the imports into India during the year rose by Rs.6 crores or 5 per cent. to a total of Rs. 133 crores. This is largely attributable to an increased import of cotton piece goods of Rs.6½ crores (notwithstanding an increase of over 180 million yards in Indian mill production) and to larger arrivals of raw cotton amounting to Rs. 21 lakhs while others items remained steady. The most important reductions took place in the case of sugar (nearly Rs.2 crores), motor vehicles (Rs.44 lakhs) and machinery (Rs.38 lakhs). Detailed observations under the heading of each item will be found in Chapter V. We are here concerned with the broad movements and the first question which arises is:—How has it been possible for India, which normally requires a favourable balance of trade of at least Rs.50 crores, to expand her imports during a year of the most intense depression with crushing import duties and with a favourable balance of trade in merchandise of only Rs.3 crores, a drop of no less than 90 per cent. from the figure for 1931/32 and the lowest favourable trade balance recorded since 1922/23? The answer is that India has drawn upon her reserves of gold to the extent of Rs.65½ crores (nearly £50 million), which have been

exported thereby enabling her to maintain her purchasing power and meet her external commitments in addition. The Finance Member summarised the state of affairs very clearly in his budget speech when he said :—

"The broad fact is that India could not with exports at their present level support the present volume of imports simultaneously with meeting her external obligations unless they were supplemented by gold exports. What is happening now may be put in two different ways, either that part of India's consumable imports are being paid for in gold, or that gold sales are providing the means to meet external obligations and to accumulate reserves in external currencies. The truth really is that what is happening is a combination of the two processes, for it must be remembered that so far as concerns the individuals who make up the mass of producers of goods for export and consumers of imported goods, they have to pay for the latter with customs duties added, and as customs duties on the 112 crores worth of goods imported for the ten months of the current year amount to 38 crores, one may say that the exports to the value of 110 crores are being supplemented by gold sales in order to pay for goods at the imported value of 150 crores, so that 40 crores of the gold proceeds have been used to pay for consumable goods. To this extent therefore it may be said that India is helping herself to tide over a period of unexampled depression by drawing on her reserves of gold, and thereby avoiding reducing her consumption to the desperately low level which would otherwise be necessary. The worst feature of the present world situation is that practically every nation to-day in order to preserve its ballance of international payments has been forced to put artificial restrictions on its imports by way of high duties and exchange restrictions. This is checking the flow of international trade, so that its channels are becoming completely dry, and is the main evil from which the world to-day is suffering. We ourselves by increasing our own import duties have done something to add to the evil, but if the flow of imports into India had not been helped by the exports of gold the case would have been very much worse. India in fact has been able to release into the world a commodity for which alone there is an undiminished market and the possession of which, if it is used as a basis for currency, does not diminish but rather increases the purchasing power of the countries which absorb it. By doing so India has been enabled to take more imports and thereby in this second way also to increase the purchasing power of her own potential customers. This last point must always be borne in mind, for we cannot restrict our own imports without weakening the market for our exports of merchandise."

In Appendix I, page 225 will be found a statement made by Sir George Schuster at the Ottawa Conference in July, 1932, which is one of the most lucid expositions ever published of India's present economic position. I commend it to the attention of all students of Indian economics.

A further important factor has been the influx of enormous quantities of Japanese textiles and other goods, which, largely due to the depreciation of the yen exchange, have been sold at prices sufficiently low to stimulate the purchases, made possible by the increase in the general purchasing power of the country brought about by the sales of gold. Imports from Japan advanced by more than Rs.7 crores in value, of which Rs.3¾ crores represented increased shipments of cotton textiles. The fall during the year of 10.6 per cent. in the price index of imported articles, to which I have already referred, is largely due to the influence of imports from Japan.

The almost complete cessation of the boycott of United Kingdom goods and the gradual subsidence of the Congress agitation, which was responsible for such a serious dislocation of trading activities in the years 1930 and 1931, have given an added stimulus to the buying movement already recorded and have put new heart into dealers in United Kingdom goods. These influences in particular have had a wholesome effect upon imports from the United Kingdom which rose by nearly Rs.4 crores in value. The movement in favour of United Kingdom products was strengthened towards the end of the year by the ratification of the Ottawa Trade Agreement and the coming into force, on January 1st, 1933, of the preferential duties on certain United Kingdom goods. It is still too soon to assess with any precision the probable effects of these preferences, but I would refer my readers to Chapter II where they will find an analysis of the agreement from the standpoint of the United Kingdom exporter.

Remarkable Staying Power of the Indian Consumer.—In my last report for 1930/31, I commented at length upon the distressing position of the agricultural population, who, after realising their crops at the phenomenally low world prices of primary products, and after meeting their heavy fixed charges for rent, water rates, interest on money borrowed from the " Bania," etc., found themselves with almost nothing to expend upon even the most necessary items of imported goods. I showed how the Indian ryot, in the first place, economised as far as possible, e.g., by mending his torn dhootie and allowing his youngest children to wear the minimum of clothing; secondly, how he confined his purchases to the cheaper forms of country-made articles and substituted handloom or Indian mill goods for the finer Lancashire product and—where imported goods only were available for his needs—how he substituted the cheaper Japanese cloth, Continental metals and hardware, and Russian kerosene for the higher-priced goods of British origin. Since that report was written, the suspension by the United Kingdom of the gold standard in September, 1931, created a material rise in the price of gold expressed in terms of rupees linked with sterling and has resulted in a total export of no less than Rs.150 crores of gold bullion and coin, a large proportion of which represents the savings of the people, who have been tempted to realise their hoards and ornaments, first, in order to secure a good profit on them and, second, to meet current expenditure. This substitution of barren gold and ornaments for tenderable currency has enabled the consumer, in spite of diminished purchasing power, to maintain the consumption of certain standard necessities to a marked degree.

The Hon Sir George Schuster in his budget speech, quoted from the following table which had been specially prepared and which analyses the results as regards certain main articles of consumption classified under three heads—luxury articles, requirements of industry, and necessities of the masses. Cotton piece

goods, kerosene and salt have been taken as necessities for the masses; machinery, lubricating oil, cement and chemicals as industrial requirements; and tobacco, liquors and motor cars as luxuries. The figures indicate imports except in the case of articles marked with an asterisk, where the quantities given include figures of production so far as available. In the case of salt, production figures relate to British India excluding Aden. The value figures of production have been estimated on the basis of the average declared value for imports:—

	Quantities.			Values (cum duty).		
	Average of 10 years ending 1930	1932	Percentage	Average of 10 years ending 1930	1932	Percentage
				Rs. (lakhs)	Rs. (lakhs)	
(A) LUXURY ARTICLES.						
1. Motor cars. No. (1,000)	11.4	5.3	46	3,50	1,51	43
2. Tobacco. lb. (1,000)	8,396	5,104	61	4,03	2,06	51
3. Liquors. Gal. (1,000)	5,915	5,429	92	5,93	4,30	73
Total of (A) ...	—	—	—	13,46	7,87	58
(B) REQUIREMENTS OF INDUSTRY.						
4. Machinery and mill-work	—	—	—	19,62	12,04	61
5. Lubricating Oil. Gal. (Million)	22.3	14.3	65	2,28	1,57	69
6. Cement* Ton (1,000)	492	551	112	3,73	2,86	77
7. Chemicals	—	—	—	2,64	3,34	126
Total of (B) ...	—	—	—	28,27	19,81	70
(C) NECESSITIES FOR THE MASSES.						
8. (a) Cotton piecegoods (Mill-made)* Yds. (millions)	3,677	4,327	118	131,72	99,40	76
(b) Cotton piecegoods. (hand-loom) Do.	1,246	1,500	120	44,85	34,46	77
Total Do.	4,923	5,827	118	176,57	133,86	76
9. Kerosene oil* Gal. (millions)	232	235	101	17,73	16,27	92
10. Salt* Ton (1,000)	1,965	2,106	107	12,74	11,84	93
Total of (C) ...	—	—	—	207,04	161,97	78
(D) ARTICLES OF DOUBTFUL CLASSIFICATION.						
11. Artificial silk piecegoods. Yds. (Million)	27.8	116.2	418	2,24	4,38	196
12. Sugar Ton (1,000)	781	462	59	23,69	12,75	54

To quote the comments of the Finance Member :—

" As regards the three articles which I have taken as necessities for the masses, the quantities of consumption are in all cases higher for 1932 than for the ten year average 1920-30. Piecegoods with a total of 5,827 million yards as compared with 4,923 million yards for the earlier period are 18 per cent. up. Kerosene oil with a total of 235 million gallons as compared with 232 million gallons for the earlier period is 1 per cent. up. Salt with a consumption of 2,106,000 tons as compared with 1,965,000 tons for the earlier period is 7 per cent. up.

Turning to values, there is, of course, a fall in these for 1932, owing to the lower prices prevailing in spite of the higher duties. The total value of all these three commodities consumed in 1932 was 162 crores representing 78 per cent. of the average for the ten year period, which was 207 crores.

In the case of the articles required by Industry, it is of course impossible to compare quantities for such miscellaneous heads as machinery and millwork, or chemicals. The Table shows a fall in value for machinery and millwork of about 40 per cent. which, allowing for the fall in prices, must indicate a very much smaller fall in quantities; a fall both in quantity and value of lubricating oil of between 30 and 40 per cent. ; an increase in quantities of cement accompanied by a fall in values; and an increase of 26 per cent. in the value of chemicals. The total value of all these articles for 1932 is 70 per cent. of the value for the ten year period.

Turning to luxuries, there is a very heavy fall in motor-cars, with a figure of 5,300 cars for 1932 as compared with an annual average of 11,400 in the earlier period. Quantities represent 46 per cent. only, and values 43 per cent. only of the earlier period. I would note here that the value per car has fallen in spite of the increased duties. Tobacco consumption for 1932 represents 61 per cent. in quantity and 51 per cent. in value of the earlier period, and liquors 92 per cent. and 73 per cent. respectively. Altogether the total value of the three luxury articles consumed in 1932 represents 58 per cent. of the average value for the earlier period.

I think it is fair to say that these figures indicate that certain luxury and quasi-luxury articles show very heavy decreases in consumption; that industry has stood up fairly well, and that in certain fields—particularly the sugar industry and the textile industry—expansion in India is still progressing in spite of the world slump; and lastly that as regards the necessities of the masses the consumption figures are being maintained in a most remarkable way in spite of loss of purchasing power, while in spite of increased excise and import duties consumers have had a substantial benefit from the fall in prices.

I must add in conclusion one obvious but most important point, namely, that the really striking falling-off in India's normal consumption has been in the case of precious metals. As is well known, India imported gold and silver of the average annual value of about 40 crores in the years from 1920-30. The power to cut out this enormous margin has been a tremendous factor—equal in importance almost to the actual sale of gold—in enabling India to go through this period of depression without being forced to cut down her normal absorption of those commodities which are needed for daily consumption."

The Outlook in the Import Trade.—The outlook in the import trade at the present time (July, 1933) is more hopeful than it has been at any time during the past three years. We have already seen, in considering the position of India's staple crops, that the prospects with regard to jute, tea, wheat, sugar, groundnuts, linseed and other oilseeds, etc., show a marked improvement, but still depend upon a revival in the general economic situation

and a world-wide rise in prices. The monsoon forecast issued in June estimates an 80 per cent. chance of the rainfall being above normal in the Peninsula, above 90 per cent. of the normal in North-West India and above 95 per cent. of the normal in North-East India, thus giving good grounds for expectation that the rains will be abundant. The political sky is clearer than it has been for many years. The boycott campaign is now a negligible factor and racial bitterness has very largely subsided. Railway receipts and returns of wagon loadings are markedly in excess of the figures for 1932. The Banks report an increasing demand for money at up-country branches, particularly in Northern India, which is another sure sign that goods are beginning to move. Shipping agents and freight brokers confirm that the demand for export tonnage has improved and freight bookings have increased materially, both in the overseas export trade and in the coastal traffic. All the indices point to a state of readiness throughout India to take immediate advantage of any world-wide economic improvement and rise in prices. If only satisfactory arrangements are concluded between the Powers in respect of such important questions as war debts and disarmament, the confidence thereby created would go a long way towards creating a revival in this market, which is ready and waiting for a forward movement.

I have stressed the internal position as regards crop and export prospects because it is obvious that there can be no lasting improvement in the import trade until India's favourable balance of trade in merchandise is restored to a figure of at least Rs.50 crores, which she requires to meet her essential obligations in London. The shipments of gold are being maintained during the present year in a remarkable way and will, as in 1932, help to balance the international account and, at the same time, release purchasing power to be spent on imported goods. This, however, is an abnormal state of affairs and until India can obtain a favourable balance of Rs.50 crores *in merchandise* she cannot be considered to be on a sound foundation. The encouraging factors I have already referred to lead one to hope that the long-awaited export revival is at hand, in which case a material rise in the volume of imports is bound to follow although the progress will probably be slow.

There are many difficulties in the path of a really considerable increase in the volume of imports. The heavy emergency import duties are having a severely restrictive effect and have, in many cases, reached the point of diminishing returns. Moreover, they are having a protective effect which was not intended and are stimulating a large number of nascent local industries which, presumably, will strongly oppose their removal when the time comes, for the Finance Member to redeem his pledge that the surtaxes shall be removed so soon as the financial situation permits. The effects of the protective tariff are rapidly limiting the Indian

market, particularly in times of depression, as an outlet for overseas exporters. This is particularly noticeable in the case of cotton textiles, iron and steel, tinplates, paper and cement. In spite of the intensity of the depression, which has reduced imports from a total of Rs.251½ crores in 1928/29 to Rs. 132½ crores in 1932/33, the Indian cotton mills increased their production of cloth during the four years from 1,893 million yards to 3,170 million yards; the Tata Iron and Steel Co's production of finished steel rose from 362,025 tons in 1930 to 426,968 tons in 1932; the Tinplate Co. of India, Ltd., are, in 1933, producing tinplates at the rate of over 3,000 tons per month; the output of paper of all kinds for the last nine months of 1932 was 30,000 tons and the production of Indian cement for the same period was 433,234 tons. Although the preferential duties accorded to imports from the United Kingdom by the Ottawa Trade Agreement will give a valuable fillip to United Kingdom products vis-à-vis other competing foreign goods, the competition from Indian industries, stimulated by the protective tariff, the "swadeshi" movement, and the preference accorded by Indian Government departments when making purchases of stores, will become increasingly severe.

So far as the trade in cotton textiles is concerned, readers interested should refer to the forecast which is made on pages 140-141, and to the detailed analysis of the trade on pages 119-140. While there is a decidedly more hopeful tone in the market, based upon the healthy stock position of Lancashire goods, the steps which have been taken by increased duties to offset the depreciation of the yen and the signs of improvement in the economic position of the country, the present uncertainty with regard to such vital questions as the degree of protection to be afforded to Indian Mills by the forthcoming Cotton Industry Protection Bill, the measure of differentiation or of Imperial Preference to be accorded to the United Kingdom product in the same bill, and the fiscal results of the impending negotiations with the Japanese Government renders any immediate heavy buying movement of Lancashire goods almost impossible. The marked improvement in general conditions has not yet been reflected by increased enquiry for piece goods from up-country merchants, who are still nervous in the present unsettled state of the economic world and are likely to defer their purchases until the last possible moment. There is still a wide disparity between bazaar rates and Manchester quotations, but it is probable that there may be a distinct revival in September and October when the future may be expected to be less obscure. During the year 1932/33 the United Kingdom increased its share of the Indian piecegoods market by 210 million yards valued at over Rs.4 crores. I expect this movement to continue.

The valuable trade in machinery and plant and general engineering supplies is still restricted by the curtailment of

Government expenditure on capital works such as railway construction and renewals, irrigation projects and public works developments, e.g., roads, buildings, bridges, etc. The railway capital programme is outlined on pages 47-49 and provides little comfort for United Kingdom contractors. In view, however, of the current low rates of interest of all Government loans and the favourable prices at which plant and material may now be obtained, the situation is being re-examined by the Departments concerned and there is a disposition on the part of the Finance Department to consider some expansion of programmes. Should Indian general revenues improve and the present indications of a trade revival be confirmed towards the end of 1933, it is probable that the Government of India may sanction increased expenditure on both railways and roads. Meanwhile, public utility undertakings are more disposed to renew and extend their plants in order to be prepared for the trade revival. The boom in the sugar industry is providing valuable orders for complete sugar factories and extensions to existing plants. It is expected that if the present improvement in the jute industry expands, the mills will require to make renewals of plant and equipment which have been allowed to stand over during the years of depression. Now that Japanese competition is being checked to some extent, the cotton mills may reasonably anticipate a period of more active and lucrative trade which is likely to result in extensions and renewals of machinery. The recent rise in the price of gold, silver and non-ferrous metals is already bringing greater activity to the gold mines of Mysore and the lead, silver and copper mines of Burma and India. Although the recovery, at first, is likely to be slow, I regard the prospects for the future of United Kingdom machinery in India to be promising.

In the iron and steel trade, competition from the Tata Iron and Steel Works is likely to become more severe. The Company is now in a position to roll most of the sections in regular demand and is supplying for local fabrication the bulk of the steel required in large bridge contracts. The output of galvanised sheets has more than doubled during the last three years and the capacity of the sheet mills is being rapidly extended until it is expected to attain a total of 100,000 tons per annum. Although, as I have frequently maintained, the Indian market is sufficiently important to provide a valuable field for the products of both the Indian and the United Kingdom works, the tendency, during times of depression such as the present, is for the local industry to improve its position at the expense of the imports. The agreement regarding steel sheets which was recently made between the United Kingdom producers and the Tata Company, and which was embodied in the Ottawa Trade Agreement, will, it is hoped, safeguard this valuable market for the products of the two parties against foreign competition and augurs well for closer co-operation in future between the United Kingdom and Indian steel industries—a policy

which would be of mutual advantage and would help to solve most of the problems of excessive competition and undue price-cutting.

All imported goods are likely to benefit from the decided improvement in the economic and political situations. On every side one hears of more enquiry and an increased volume of orders. The crushing burden of the import duties still bears heavily in these times of restricted purchasing power, but it is hoped that the Finance Member will redeem his pledge to remove the emergency surtaxes so soon as the financial position of the Government of India permits. All the indications point to a material expansion of the import trade during the coming year. It will probably be gradual, as there are still many difficulties to be overcome, but it should be all the more permanent on that account. There are grounds for hope that the Indian consumer, when once again he has the capacity and opportunity to buy what he likes, will gladly revert to many overseas sources of supply, which, on grounds of economy, he has had to discard during the recent depression.

General Position of British Trade in India.—The following table, compiled by the Director of Statistics, clearly shows the percentage shares of the United Kingdom, the British Empire as a whole, and the principal foreign countries in the trade of India during the fiscal year 1932/33 as compared with the previous year and the average of the last five complete pre-war years, 1909/10 to 1913/14 :—

	Imports			Exports, including re-exports			Total Trade		
	Pre-war average	1931-32	1932-33	Pre-war average	1931-32	1932-33	Pre-war average	1931-32	1932-33
	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.
United Kingdom	63	36	37	25	28	28	40	31	32
Other British Countries	7	9	8	16	17	18	12	14	13
TOTAL BRITISH EMPIRE	70	45	45	41	45	46	52	45	45
TOTAL FOREIGN COUNTRIES	30	55	55	59	55	54	48	55	55
Principal Countries.									
BRITISH EMPIRE—									
United Kingdom	62.8	35.5	36.8	25.1	28.2	28.4	40.0	31.4	32.2
Ceylon	0.5	1.1	1.3	3.7	5.0	5.0	2.4	3.3	3.2
Straits Settlements	2.1	2.3	2.1	3.4	3.0	2.7	2.9	2.7	2.4
Australia	0.7	1.3	0.8	1.4	1.8	2.9	1.1	1.6	1.8
Hongkong	0.7	0.4	0.4	4.1	1.2	1.1	2.7	0.8	0.7
Other British Countries	2.9	4.2	3.4	3.4	5.3	5.7	3.2	4.9	5.0
TOTAL BRITISH EMPIRE	69.7	44.8	44.8	41.1	44.5	45.8	52.3	44.7	45.3
Foreign Countries.									
Japan	2.5	10.6	15.5	7.5	8.7	10.4	5.5	9.5	12.9
United States	3.1	10.2	8.5	7.5	8.9	7.4	5.8	9.4	7.9
Java	6.4	3.8	2.8	1.3	1.1	0.5	3.3	2.4	1.7
France	1.5	1.7	1.5	6.6	4.8	5.5	4.6	3.4	3.5
Italy	1.0	2.8	3.0	3.2	3.4	3.5	2.3	3.2	3.2
China (exclusive of Hongkong and Macao) ...	1.1	2.2	2.2	3.9	4.9	2.7	2.8	3.7	2.4
Belgium	1.9	2.4	2.6	5.3	2.8	3.0	3.9	2.6	2.8
Germany	6.4	8.1	7.8	9.8	6.3	5.9	8.5	7.1	6.9
Other Foreign Countries	6.4	13.4	11.3	13.8	14.6	15.3	11.0	14.0	13.4
TOTAL FOREIGN COUNTRIES	30.3	55.2	55.2	58.9	55.5	54.2	47.7	55.3	54.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

It is most satisfactory to note that the continuous decline in the share of the United Kingdom in the import trade has at last been checked. Thanks to increased shipments of cotton piece-goods, United Kingdom shippers secured approximately two-thirds of the increase in the import trade, their share advancing from Rs.44.81 crores to Rs. 48.77 crores and, in percentage, from 35.5 to 36.8. The improvement may be attributed to a combination of all the factors which have already been discussed. The effects of the preferential duties secured by the Ottawa Trade Agreement were not apparent during the year under review, but will, it is confidently hoped, prove to be of material value in future years. After having had to call attention in these reports during the last fifteen years to the steady decline in the United Kingdom percentage figure from its post-war peak of 61 in 1920/21 (a quite exceptional year) to its lowest point of 35.4 in 1931/32, it is with feelings of deep satisfaction that I am able to record the view that the lowest level of United Kingdom—Indian trading relations has definitely been passed and that future years will probably show a slow but steady movement in the upward direction.

In the appendices on pages 229 *et seq.* will be found a series of statistical tables, compiled by the Director-General of Commercial Intelligence and Statistics, which are designed to show the shares of all the leading countries in the trade of India, and, in addition, to provide an analysis of the trade in particular commodities so as to reveal the shares of the principal countries interested in each. Appendix II presents the total overseas trade of India in private merchandise in such a way as to indicate India's trade balances with the principal overseas countries. It will be noted that, before 1932/33, India's exports to usually exceeded her imports from all countries except in the case of the United Kingdom. The serious reduction in the imports from the United Kingdom in 1930/31 and 1931/32, however, brought about the remarkable position that, in the latter year, the export and import trade with the United Kingdom exactly balanced at Rs.45 crores each way. During 1932/33, however, we again have an excess import figure of Rs.11 crores. It is also encouraging to note that the percentage figure of the United Kingdom in India's export trade, which stood at 25 in pre-war years, has risen to 28 in the year under review. When the effects of the valuable preferences accorded to Indian products such as tea, linseed, rice, jute manufactures, pig iron and semi-manufactured steel are felt in a normal year, it may be presumed that the United Kingdom market will be a still more valuable outlet for India's exportable surplus and that the percentage will probably advance still further. This will be a development of the greatest importance in binding the economic interests of the two countries still closer. It has always been a great potential source of weakness that the United Kingdom should normally take from India a much less value of goods than the value of the merchandise which she normally exports to India.

Appendix III shows the position, both before the war and during the last two years, of the principal suppliers in some of the most important items of the import trade. It may be summarised in the following statement of the present percentages :—

Article	United Kingdom	U.S.A.	Germany	Japan	Belgium	Italy
Cotton manufactures	53.0	1.3	.3	37.9	.1	.9
Iron and steel ...	51.1	1.2	8.6	2.6	23.2	—
Machinery ...	74.1	7.7	9.3	.4	3.7	—
Hardware	30.6	5.6	36.1	10.1	1.1	—
Motor Vehicles ...	47.6	36.5	3.0	.2	.3	3.2
Instruments and appliances ...	50.5	13.9	16.9	5.9	1.6	1.9
Chemicals	51.6	5.4	14.9	4.9	—	5.6
Liquors	62.1	6.9	7.6	—	—	—
Paper	27.8	2.8	10.5	—	—	—

In Appendix IV, tables A-G, will be found statements showing the values of the principal articles imported from the United Kingdom, Japan, the United States, Belgium, Germany, Italy and Soviet Russia over a series of years including the pre-war period. These show the nature of the competition which is being encountered and its varying intensity in the post-war period.

Foreign Competition.—The following table shows the aggregate imports and the percentage of the total trade obtained by our leading competitors. The only country to show both an actual and relative decline was the United States; this decline was due to the exchange disadvantage consequent upon the depreciation of sterling.

	Values of Imports		Share of Total Imports	
	1931/32	1932/33	1931/32	1932/33
	Rs. (lakhs)	Rs. (lakhs)	Per cent.	Per cent.
Japan	13,34	20,50	10.6	15.5
U.S.A.	12,84	11,24	10.2	8.5
Germany	10,20	10,37	8.1	7.8
Belgium	3,02	3,42	2.4	2.6
Italy	3,59	3,95	2.8	3.0

Japanese Competition.—The remarkable advance in Japanese shipments to India by no less than 50 per cent. has been the outstanding feature of the year. A study of the values of the principal articles imported from Japan, which are given in Appendix IV,

page 234, discloses the fact that 65 per cent. of Japan's shipments represent cotton and artificial silk textiles and a further 10 per cent. represent pure silk manufactures. Three-quarters of the whole trade is, therefore, within the textile group. Other items, which have developed to a marked extent in recent years are glassware, yellow metal and brass sheets, boots and shoes, earthenware and crockery, hardware, haberdashery, apparel, miscellaneous instruments and apparatus, toys, chemicals, paper, umbrella fittings, woollen manufactures, rubber manufactures and cement. Details with regard to each competing item will be found in Chapter V. The phenomenally low prices which Japanese exporters were able to quote, on account partly of the depreciation of the yen but also as a result of low rates of wages combined with a most efficient industrial organisation, were at a sufficiently low level to attract the increased purchasing power in India which resulted from the realisation of the consumers' reserves of gold and jewellery. Japanese shipments of textiles reached their high watermark in the summer months of 1932 when the heavy depreciation of the yen took place. Since that time, the import duties on Japanese cotton piecegoods have been raised to 75 per cent. with the object of protecting the Indian mills, notice to terminate the Indo-Japanese Commercial Treaty on October 11th, 1933, has been given, and an Indian Safeguarding of Industries Act has been passed to protect local industries against the inroads of competing goods from overseas which are sold at such abnormally low prices that the existence of the indigenous industry is thereby endangered. Negotiations between the Government of India and an official delegation from Japan with a view to finding a solution to the present difficulties are to take place in Simla in the Autumn. Meanwhile, imports from Japan in a constantly widening range of goods continue to pour into the country and are sold at prices at which both Indian industries and European imports are quite unable to compete.

Competition by the United States of America.—Imports from the United States have been seriously handicapped by an adverse rate of exchange. Notwithstanding increased shipments of raw cotton to the extent of Rs.1.61 crores, total arrivals from the United States were reduced from Rs.12.8 to Rs.11.2 crores and the percentage figure fell from 10.2 to 8.5. A reference to table C on page 236 shows that imports of United States mineral oils have fallen by Rs.180 lakhs, motor vehicles by Rs.83 lakhs, machinery by Rs.41 lakhs, hardware by Rs.11 lakhs, instruments and apparatus by Rs.10 lakhs and rubber manufactures (largely tyres) by Rs.31 lakhs. The temporary removal of United States competition from the field has given United Kingdom exporters of motor vehicles a great opportunity, of which they have not failed to take advantage, the United Kingdom and United States shares in the trade in pleasure cars and taxi-cabs for the year being respectively 62 and 22 per cent. Considerable progress has also been made

by United Kingdom manufacturers of rubber tyres and mechanical rubber goods, lubricating oils, hand tools, electrical and mining machinery, etc., etc. The fall in the external value of the Dollar to the old par rate in May-June-July, 1933, will probably restore to some extent the position of United States shippers, but it is still too soon to know how far this fall has been offset by the increase in production costs as a result of President Roosevelt's programme. Meanwhile, United Kingdom manufacturers of competing goods should spare no effort to consolidate the ground gained.

German Competition.—Although shipments from Germany advanced slightly in value by a trifling Rs.19 lakhs, the percentage declined from 8.1 to 7.8. German competition increased in hardware, yellow metal sheets, artificial silk yarn and wrought copper, but was less insistent in cotton manufacturers and locomotives. Germany also has been adversely affected to some extent by the exchange advantage enjoyed by the United Kingdom, but has suffered mostly from the competition of Japanese goods which are sold in the bazaars at prices with which even the Hamburg merchant, with his resources of cheap supplies and great experience, has not been able to compete.

Belgian Competition.—The Belgian share of the trade has slightly increased, both actually and relatively. It is always difficult to assess the true value of Belgian trade as considerable quantities of German, Dutch and French merchandise are shipped from Antwerp and appear in the returns being of Belgian origin. As usual, the imports of Belgian iron and steel represented nearly 40 per cent. of the total trade, but these registered a decline of from Rs.153 to Rs.123 lakhs in the year under review, mainly on account of reduced shipments of galvanised sheets. The sheet agreement concluded with the United Kingdom rollers and embodied in the Ottawa Trade Agreement must seriously affect the Belgian sheet trade. Other items of export to India, notably precious stones, machinery, glassware and woollen manufactures showed material increases.

Italian Competition.—Imports from Italy during the year advanced by Rs.36 lakhs due mainly to increased consignments of artificial silk yarn and woollen piecegoods. Arrivals of cotton piecegoods, motor vehicles and machinery were all reduced. Italy also has suffered to some extent from the exchange handicap. Considerable quantities of German, Austrian, Hungarian and Czechoslovak goods are shipped by Italian steamers from Genoa and Venice, some of which appear in the returns as being of Italian origin.

Imports from Soviet Russia.—Reference to Appendix IV on page 239 shows that the total imports from Russia proper have fallen from Rs. 94½ to Rs. 36½ lakhs in consequence of reduced

shipments of beet sugar. To these figures, however, should be added imports from the Caucasian Republics of Georgia and Azerbaijan amounting respectively to Rs.111½ and Rs.54½ lakhs. These were almost entirely composed of kerosene oil, the total arrivals of which, from all parts of Russia, exceeded 40 million gallons valued at over Rs.163 lakhs. Oil shipments were mainly imported at Bombay and distributed throughout Western India. Although imports of tea chests from Russia fell to the insignificant figure of Rs.23,000, imports from the contiguous countries of Finland and Esthonia were valued at Rs.3 lakhs and Rs.4½ lakhs respectively. The imports of Russian alkali products, referred to in my last report, have not shown expansion. There is reason to believe that many Russian products are marketed by German merchants and exported from Hamburg.

The Balance of Trade.—The Controller of the Currency, in his informative report for 1932/33, upon which I have freely drawn for the ensuing comments, gives the following statement which compares India's visible balance of accounts during the year with the figures of the preceding two years and the averages of the last ten pre-war years ended 1913/14 and the first ten post-war years ended 1929/30. The detailed figures work up to a *plus* or *minus* balance (*plus* representing net export and *minus* representing net import) for each of the three main heads of classification, namely (1) private imports and exports of merchandise, (2) private imports and exports of treasure, and (3) remittances through Government leading up to a *plus* or *minus* total for the transactions as a whole :

[TABLE]

	Average of 10 pre-war years ending 1913-14	Average of 10 years ending 1929-30	1930-31	1931-32	1932-33
	(In lakhs of rupees)				
Exports of Indian merchandise (private)	+ 1,94,67	+ 3,14,04	+ 2,20,49	+ 1,55,89	+ 1,32,43
Re-exports of foreign merchandise (private)		+ 11,68	+ 5,14	+ 4,66	+ 3,22
Imports of foreign merchandise (private) (*b*)	− 1,22,93	− 2,42,59	− 1,63,58	− 1,25,72	− 1,32,27
BALANCE OF TRADE IN MERCHANDISE (PRIVATE)... ...	+ 71,74	+ 83,13	+ 62,05	+ 34,83	+ 3,38
Gold (private) (*a*)	− 20,87	− 24,04	− 12,75	+ 57,98	+ 65,52
Silver (private) (*a*)	− 7,67	− 15,49	− 11,65	− 2,59	− 73
Currency notes (private) (*a*)	—	− 27	− 3	+ 26	+ 13
BALANCE OF TRANSACTIONS IN TREASURE (PRIVATE) (*a*)	− 28,54	− 39,80	− 24,43	+ 55,65	+ 64,92
TOTAL VISIBLE BALANCE OF TRADE	+ 43,20	+ 43,33	+ 37,62	+ 90,48	+ 68,30
Council bills and telegraphic transfers paid in India, purchases of sterling from banks and firms in India and payments for sterling taken over in London from local bodies	− 38,47	− 26,00	− 7,26	− 53,04	− 48,18
Sterling transfers on London sold in India...	+ 1,22	+ 3,05	+ 7,75	+ 18,98	—
Transfers of Government securities...	− 71	− 6	− 8	+ 6	− 13
Interest drafts on India in respect of Government of India securities	—	− 35	− 33	− 32	− 32
BALANCE OF REMITTANCES OF FUNDS	− 37,96	− 23,36	+ 8	− 34,32	− 48,63
TOTAL VISIBLE BALANCE OF ACCOUNTS	+ 5,24	+ 19,97	+ 37,70	+ 56,16	+ 19,67

(*a*) Excludes transactions which do not enter into the balance of trade.
(*b*) Exclusive of the value of railway materials imported direct by State Railways working under company management.

The visible balance of trade was Rs.68,30 lakhs as compared with Rs.90,48 lakhs in 1931/32. The decrease of Rs.22,18 lakhs is accounted for by the heavy fall in the exports of Indian merchandise of almost all kinds during the year, the principal reductions being jute Rs.1,46 lakhs, raw cotton Rs.3,08 lakhs, seeds Rs.3,28 lakhs, hides and skins Rs.89 lakhs, grains Rs.4,25 lakhs, tea Rs. 2,28 lakhs, cotton yarn Rs.1,53 lakhs and wool Rs.1,54 lakhs. On the other hand, there was an increase in the export of gold on private account of Rs.7,54 lakhs and imports of foreign merchandise on private account increased by Rs.6,55 lakhs. The trade balance in merchandise in favour of India fell from Rs.34,83 lakhs to Rs.3,38 lakhs, i.e., to 4 per cent. of the average of the ten post-war years and approximately 5 per cent. of the average of the last ten pre-war years.

The seriousness of the fall in the trade balance is accentuated in the case of India, which, as a debtor country, needs to maintain a large favourable balance of trade in merchandise. As Sir George Schuster pointed out at the Ottawa Conference :—

> " The Government of India, in order to meet its essential obligations has to find about £30 million sterling annually, that is to say Rs.40 crores while, on the average, a further margin of 10 crores (£7½ million) at least is required to meet other items in the adjustment of payments on private accounts. Therefore, apart from movements of capital or the country's requirements for the purchase of precious metals, *India in order to maintain an even position requires a favourable trade balance of at least Rs.50 crores (£37½ million) annually.*"

It will be observed from the statement that the situation was saved last year by the heavy exports of gold, amounting to 8,354,000 ounces valued at Rs.65,52 lakhs, which resulted in a visible favourable balance of trade of Rs.68,30 lakhs. If it were not for the exports of gold, India could only afford to be importing at the rate of Rs.66,75 lakhs per annum instead of an actual figure for the year of Rs. 132,25 lakhs. The amounts remitted to London by Government decreased from Rs.53 to Rs.48 crores, the net balance of remittances amounting to Rs.48.63 crores and the total visible balance of accounts to Rs.19.67 crores, a decrease of roundly 65 per cent. below that of the previous year.

The Controller of the Currency points out that this striking fall of Rs.36.49 crores in the visible balance of accounts is due to a return to more normal conditions after an abnormal year. In 1931/32 the visible balance of accounts was swollen, first, by the flight of capital for various reasons (mainly political) and, second, by the liquidation of short-term outside funds retained in India to take advantage of the prevailing high money rates. Neither of these factors operated in 1932/33. Owing to the rise in the value of Indian sterling stocks over parity with corresponding investments in India, there was a repatriation of capital to India for investment. It is estimated that the amount must have been considerable and the rapid rise in the price of Indian rupee loans confirms this view.

Exports of Gold.—The net export of gold during the year was 8,354,000 ounces valued at Rs.65,52 lakhs. If one takes the weight in ounces of the gold exported and imported during a period of years, some striking facts emerge. As the Controller states :—

" Since 1920/21 India has imported 49.7 million ounces of gold, whereas during the same period the amount of gold exported was 21.8 million ounces only of which about 16½ million ounces have been exported in the last two years; that is to say, since 1920/21 the amount of gold exported by India is approximately 44 per cent. of the imports during the same period. If, therefore, allowance is made for the enormous imports of gold prior to 1920/21, it will be seen that in spite of the high premium available since Great Britain went off the gold standard only a small fraction of India's total gold holding has so far been realised. There has been considerable controversy as to whether the gold exported since October, 1931, has been mostly " distress " gold, that is to say gold which had to be sold by necessitous holders to meet current expenses, or whether it has been parted with as a business proposition to realise the profit from the prevailing premium. While it is probably true that a certain proportion of the gold exported in recent months has come out because holders had to realise their savings to meet current expenditure owing to the very low prices obtained for primary commodities, it is equally certain that a large proportion, possibly the larger proportion, has been sold as a purely business proposition to realise the premium. It is well-known that bullion dealers all over the country have been very active in collecting gold for sale to the export market, and in some districts special purchasing agencies were opened by exporters. It is reasonable to infer that many holders who parted with their gold would not have done so but for the allurement of an immediate profit which was pressed on their notice persistently."

The Course of Exchange and Remittances to the Secretary of State.—The highest and lowest quotations for telegraphic transfers on London were 1s. 6$\frac{5}{32}$ d. in September, October, November and December, 1932, and January, 1933 and 1s. 5⅞d. in May, 1932, and March, 1933. The Controller states that :—

" As in previous years, purchases were made by weekly offers for open tender in India and intermediates were sold throughout the week except on the tender day at a rate ordinarily 1/32d. above the highest rate at which tenders were accepted. The total amount of sterling purchases during the year amounted to £35,733,000 at an average rate of 1s. 6.156d. Exchange opened quiet in April and continued to be quiet during the month with a gradual downward tendency due to the rise in the dollar sterling cross rate and a consequent drop in the price of gold. There was little demand for remittance but on the other hand export bills were scarce and with the falling-off in gold exports the rate gradually sagged to 1s. 5⅞d. early in June. At the first three auctions in April all tenders received were rejected and as no tenders were received for the auctions of the 27th April and 4th May, Government announced the discontinuance of purchases until further notice. From the middle of June conditions began to improve partly because of an increase in gold exports due to a rise in the price of gold and also partly due to sales of sterling stocks in London for repatriation to India for investment in rupee securities. The prices of sterling stock had risen to a point where it paid the investor to sell out and re-invest in India and since the adverse political conditions which during the previous year had led to a substantial flight of capital from India no longer obtained, investors availed themselves freely of this opportunity to change their investments at a profit. The market was strong by the beginning of August, and as little cover in the form of private remittance was available, a demand arose for Government to come into the market to purchase. An announcement was made on the 8th August calling for tenders for £500,000 on the 10th and

the full amount was accepted at 1s. 6 $\frac{5}{32}$d. The market continued to be steady until the end of the month and Government were able to purchase £500,000 weekly by tender and £1,965,000 intermediates. From the 8th September the amount offered was raised to £1 million and during the course of the following week intermediates to the amount of £2,400,000 were purchased at 1s. 6 $\frac{5}{32}$ d. The Government buying rate remained unchanged from then up to the middle of March, but purchases at the auctions from the 25th January to the 15th March were on a small scale. The news received on 6th March that the United States of America had temporarily prohibited the export of gold and dealings in foreign exchange led to an immediate and precipitate fall in the rupee sterling exchange from 1s. 6$\frac{3}{32}$d. to 1s. 5$\frac{7}{8}$d.

The uncertainty and uneasiness created by the President's proclamation were reflected in all the markets of the world and until the full implications of the step could be ascertained banks were unwilling to sell without cover and quotations were to all intents and purposes nominal. Confidence in the rupee sterling exchange returned quickly, however, and normal business was resumed after a few days. Exchange rose to 1s. 6$\frac{3}{32}$d., and at the last auction of the year Government were able to purchase £1 million of which £850,000 was accepted at 1s. 6$\frac{1}{16}$d."

Money Market Conditions in India during the Year.—The year opened with the bank rate at 6 per cent. and it remained at that level until the 28th of April, 1932, when it was changed to 5 per cent. A rapid return of funds enabled the Imperial Bank to repay in April the outstanding balance of the advance of Rs.9½ crores taken from the Paper Currency Reserve in 1931-32. Owing to low commodity prices and slackness in trade there was practically no demand for money throughout the year and the bank rate was reduced to 4 per cent. on the 7th July, 1932 and to 3½ per cent. on the 6th February, 1933. The Bank's cash balance at the close of the year was Rs.26½ crores.

The Public Debt.—The following statement, abstracted from the Currency Report, shows separately loans, treasury bills in the hands of the public and in the Paper Currency Reserve, Ways and Means advances from the Imperial Bank and other obligations of the Government of India. On the other side of the account are shown the cash, bullion and securities held on Treasury account, that is to say, as distinct from the Paper Currency and the Gold Standard Reserves. Those assets are also shown which are represented by definite interest-bearing obligations to the Government of India either from provincial governments and Indian States or the Indian railways and other Government commercial departments :—

[TABLE]

	31st Mar. 1931	31st Mar. 1932	31st Mar. 1933
IN INDIA.	(In crores of rupees)		
Loans (a)	417.24	422.69	446.91
Treasury Bills in the hands of the public	55.38	47.53	26.09
Treasury Bills in the Paper Currency Reserve	5.89	49.67	35.48
Ways and Means Advances	—	9.50	—
Total Loans, etc.	478.51	529.39	508.48
Other Obligations—			
Post Office Savings Bank	37.03	38.20	43.33
Cash Certificates	38.43	44.58	55.63
Provident Funds, etc....	70.33	73.04	76.55
Depreciation and Reserve Funds ...	21.39	17.65	16.85
Provincial Balances (b)	6.09	4.32	4.66
Total Other Obligations	173.27	177.79	197.02
Total in India	651.78	707.18	705.50
IN ENGLAND.	(In millions of £)		
Loans (a)	316.81	313.60	314.32
War Contribution	16.72	16.72	16.72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	50.32	48.72	47.06
India bills	—	—	—
Imperial Bank of India Loans	4.05	—	—
Provident Funds, etc.	.69	.80	.92
Total in England	388.59	379.84	379.02
	(In crores of rupees)		
Equivalent at 1s. 6d. to the rupee ...	518.12	506.45	505.36
Total interest-bearing obligations	1,169.90	1,213.63	1,210.86
Interest-yielding assets held against the above obligations—			
(i) Capital advanced to Railways ...	743.98	750.73	751.54
(ii) Capital advanced to other Commercial Departments	23.65	23.75	24.49
(iii) Capital advanced to Provinces ...	151.82	163.64	171.79
(iv) Capital advanced to Indian States and other interest-bearing loans	19.45	20.29	21.05
Total interest-yielding assets ...	938.90	958.41	968.87
Cash, bullion and securities held on Treasury account	34.03	41.42	35.07
Balance of total interest-bearing obligations not covered by above assets ...	196.97	213.80	206.92

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

The soundness of India's debt position is clearly shown. It will be seen that India's unproductive debt has been reduced by Rs.7 crores during the year after allowing for a loss on sales of silver. The total debt of India was reduced by Rs.2½ crores from Rs.1,213.6 crores to Rs.1,210.9 crores. This is mainly due to the revenue surplus and the heavy curtailment in the capital outlay on railways. A study of the table shows that India possesses interest-yielding assets plus cash, bullion and securities held on Treasury account amounting to Rs.1,003.94 crores to set against her total interest-bearing obligations of Rs.1,210.86 crores, leaving an uncovered balance of only Rs.206.92 crores or 17 per cent. of the whole. It will be granted that the debt position of India rests on a very firm basis, when it is appreciated how large a proportion of the debt is invested in railways and irrigation projects; both are magnificent assets which, when economic conditions improve, will again show increasing returns and a growing contribution to the relief of taxation.

The Year's Loans.—The Controller describes the Government of India's public borrowings during the year as follows:—

"**The Rupee Loans.**—The gradual appreciation in both rupee and sterling Government of India securities and the continuous decline in money rates during the year indicated the desirability of taking full advantage of the prevalent easy money conditions to reduce the burden of the large volume of floating debt and of the early maturing debt bearing onerous rates of interest, and with this object in view, the unprecedented step was taken of floating successively four rupee loans.

5½ *per cent. Loan*, 1938-40.—The first loan took the form of a 5½ per cent. issue liable to income tax. It was issued at Rs.98 per cent. and is repayable at par not later than the 1st October, 1940, and not earlier than the 1st October, 1938. It opened for subscription on the 6th June, 1932, and closed on the 18th June, 1932, and was for an unlimited amount. Subscriptions were payable in cash, in 6 per cent. Bonds 1932 and in Treasury Bills. The total amount subscribed was Rs.19,14 lakhs of which Rs.13,70 lakhs were by tender of cash, Rs.3,63 lakhs by tender of 1932 Bonds and Rs.1,81 lakhs by tender of Treasury Bills.

5 *per cent. Loan*, 1940-43.—The next loan was a 5 per cent. issue, liable to income tax. This also was issued at Rs.98 per cent. and is repayable at par not later than the 1st October, 1943, nor earlier than the 1st October, 1940. It opened for subscription on the 17th August, 1932, and was closed on the same day, in accordance with the terms of the loan notification which provided that it would be closed without notice as soon as it appeared that the total subscriptions, which were to be in cash, in 5 per cent. Bonds 1933 and 6 per cent. Bonds 1933-36, amounted approximately to Rs.25 crores (nominal value) and, in any case, not later than the 31st August, 1932. The total nominal value of the loan applied for was Rs.29,82 lakhs of which Rs.9,45 lakhs was by tender of cash, Rs.10,42 lakhs by tender of 5 per cent. Bonds, 1933, and Rs.9,95 lakhs by tender of 6 per cent. Bonds, 1933-36. In accordance with the terms of the loan notification, which provided that, in the event of over-subscription on the opening day, partial allotment would be made to the subscribers in cash, applications by tender of cash for amounts not exceeding Rs.5,000 in each case were allotted in full, while those for amounts exceeding Rs.5,000 were allotted approximately 50 per cent., subject to a minimum allotment of Rs.5,000. The total nominal value of the loan issued thus came

to Rs.25,18 lakhs of which Rs.4,81 lakhs was against tender of cash, Rs.4,54 lakhs of cash having been refunded on partial allotment. The 5 per cent. Bonds, 1933, and the 6 per cent. Bonds, 1933-36, were accepted at premia of Rs.1-8-0 and Rs.2-8-0 respectively, and the nominal value of these loans tendered for conversion amounted to Rs.10,07 lakhs and Rs.9,52 lakhs.

4 per cent. Bonds, 1943.—The third loan was announced on the 18th January, 1933. This loan was a 4 per cent. issue liable to income-tax. It was also issued at Rs.98 per cent. and is repayable at par on the 1st August, 1943. Subscriptions to the loan were payable in the form of cash or of Indian Treasury Bills. The loan opened for subscription on the 23rd January, 1933. The notification announcing the loan provided that it would be closed without notice as soon as it appeared that the total subscriptions amounted approximately to Rs.15 crores (nominal value), and in any case not later than the 26th January, 1933. It also provided that, if the total subscriptions received on the opening day exceeded Rs.15 crores, partial allotment would be made to the subscribers in cash.

The conditions of the money market indicated that the loan was likely to be fully subscribed on the opening day. The lists remained open actually for less than 2 hours and the total nominal value of the loan applied for during this short period was Rs.24,77 lakhs of which Rs.9,80 lakhs was by tender of cash, and Rs.14,97 lakhs by tender of Treasury Bills. Applications accompanied by tender of cash were all rejected in terms of the loan notification, as the loan was practically fully subscribed in the form of treasury bills which were accepted in full. The nominal value of the treasury bills tendered in subscription and accepted was Rs.14,67 lakhs.

4 per cent. Conversion Loan, 1960-70 (*2nd Issue*).—The last loan of the year which was a re-issue of the 4 per cent. Loan, 1960-70, was a purely conversion loan. It opened on the 1st February, 1933, and closed on the 28th February. This loan is repayable at par not later than the 15th September, 1970, and not earlier than the 15th September, 1960, the interest being liable to income-tax. Holders of the 5 per cent. War Loan, 1929-47, the 5 per cent. Bonds, 1933, and the 6 per cent. Bonds, 1933-36, were given the option of converting their holdings into this loan, on the following terms. For every Rs.100 (nominal value) of any of the above loans tendered for conversion, the applicant received Rs.100 (nominal value) of the 4 per cent. Loan, 1960-70, and, in addition, a cash bonus of Rs.7-8 in the case of the 5 per cent. Loan, 1929-47, and of Rs.8-8 in the case of the other two loans. The total amount converted was Rs.33,85 lakhs, of which Rs.15,50 lakhs were by tender of the 5 per cent. War Loan, 1929-47, Rs.7,12 lakhs by tender of the 5 per cent. Bonds, 1933, and Rs.11,23 lakhs by tender of the 6 per cent. Bonds, 1933-36.

Although money was very easy when the first flotation was announced on the 1st June, 1932, market conditions were not very favourable and actually worsened during the period which elapsed between the first announcement and the opening of the lists. Political trouble and communal riots broke out at Bombay on the eve of the announcement of the loan and international factors such as the United States of America's refusal to participate in the Lausanne Conference and fears regarding a possible crisis in Central Europe created renewed distrust and want of confidence all round with the result that both sterling and rupee securities weakened whilst the loan was still open. The exchanges also showed signs of weakness—a factor which necessarily precluded Government from discontinuing the issue of treasury bills during the loan period. All these circumstances considered, the results of the loan operations were by no means unsatisfactory. Market conditions were extremely favourable for the three other flotations.

There had been a continuous and substantial appreciation in the rate of both rupee and Indian sterling securities since the issue of the first rupee loan in June, and it was clear that any opportunity which presented itself to convert early maturing debt to a lower rate of interest should be utilised. In the case of the second rupee loan the announcement of the success of the British War Loan conversion operation coincided with the opening of the lists and had a

very stimulating effect on subscriptions. The third rupee loan being for a limited amount open to subscriptions in cash and treasury bills only was immediately over-subscribed. The success of this loan paved the way for the large conversion operation which was to follow. Conditions in the market continued to be extremely favourable and it was evident that there was a wide demand for longer term investment. Government decided to notify for redemption on the 15th May, 1933, and the 15th August, 1933, respectively the 5 per cent. War Loan, 1929-47, amounting to 19,62 lakhs and the 6 per cent. Bonds, 1933-36, amounting to 20,19 lakhs. In the result, a total of 26,73 lakhs of these two loans and 7,12 lakhs of the 6 per cent. Bonds, 1933, were converted into 4 per cent. Loan, 1960-70. The success of this operation placed the finances of the Government of India on a very sound basis as it reduced the amount of early maturing debt outstanding to easily manageable proportions and also lowered the yield offered for medium or long-term borrowings from 5.8 per cent. to 4.5 per cent. The following figures showing the results of the loans and the conversion operations will be of interest.

The total amount of loans (maturing or redeemable in 1933) outstanding on 1st April, 1932, was as below :—

6% Bonds, 1933-36	29.7 crores.
5% Bonds, 1933	21.4 ,,
5% War Loan, 1929-47	19.7 ,,
	70.8 ,,

Of the above 19.6 crores were converted into 5 per cent. loan, 1940-43 and 33.8 crores into 4 per cent. loan, 1960-70, leaving a balance of 17.4 crores distributed as follows :—

6% Bonds, 1933-36	9.0 crores.
5% Bonds, 1933	4.3 ,,
5% War Loan, 1929-47	4.1 ,,
Total	17.4 ,,

In addition, treasury bills of the face value of 1.8 and 14.7 crores, were converted into 5½ per cent. Loan, 1938-40 and 4 per cent. Bonds, 1943, respectively.

Sterling loan : flotation and repayments.—An issue of 5 per cent. stock 1942-47 was made in April, 1932, at 95 per cent. for a total amount of £10,000,000. The stock is redeemable at par on the 15th June, 1947, or at any time after the 15th June, 1942, with 3 calendar months' previous notice. There were 4,954 applications for a total amount of £21,895,400 stock. Applications for amounts up to £200 were allotted in full. Larger applications received allotments of 44.54 per cent.

The 6 per cent. Sterling Bonds, 1932, the outstanding balance of which was £4,706,600, were repaid on the 15th June, 1932, on maturity. £4.3 million 6 per cent. Bonds, 1933-35 were also purchased and cancelled during the year."

Prices of Securities.—" When the year opened business in the securities market was dull, 3½ per cent. paper being quoted round 61¼. Towards the end of the month, however, the instantaneous success of the 5 per cent. sterling loan for £10 millions announced on the 25th together with a reduction in the Imperial Bank of India rate from 6 per cent. to 5 per cent. on the 28th had a stimulating effect. Prices improved gradually and the market was steady throughout May. The announcement of the 5½ per cent. 1938-40 loan on the 1st June had little effect on the market, but later in the month the unexpectedly slow progress of subscriptions to the new loan, combined with a drop in Indian sterling loan prices, had a somewhat depressing influence.

This proved to be only very temporary, and towards the end of the month the market became buoyant and Indian sterling stocks also showed a strong and rising tendency. India sterling loans continued to appreciate very rapidly from this point and prices became completely out of parity with those of similar rupee loans with the result that investors sold substantial amounts of sterling securities and remitted the proceeds to India for investment in both long term and short term rupee paper. The flight of capital which was apparent in the two previous years was therefore completely reversed and a large portion of the funds which left the country at that time was repatriated. The effect on rupee securities was remarkable. Scrips of all maturities appreciated rapidly, and although there were minor fluctuations from time to time mainly due to disturbing international conditions prices touched their highest point in the last month of the year.

The most encouraging feature in the securities market was the revival of interest in long term investment which had been almost completely absent during the two preceding years, and it was this which enabled the Government of India to fund a large portion of their short term liabilities into long term debt. The ban on forward dealings in 3½ per cent. paper which had been imposed by the Bombay Stock Exchange in 1931 was lifted during the course of the year under review with the result that dealings in the market became much more active. The statement below shows the highest and lowest prices for each month of the year of the India 3½ per cent. sterling loan :—

	Highest £	Lowest £
April, 1932	67	65
May, 1932	70½	66
June, 1932	75½	66
July, 1932	83	79½
August, 1932	81	75
September, 1932	82½	79
October, 1932	90	85
November, 1932	92	83½
December, 1932	88¼	83½
January, 1933	99	86½
February, 1933	99⅝	99⅛
March, 1933	101¼	99

The Indian Budget.—The Honourable The Finance Member in introducing the budget on March 1st, 1933, summarised the position by stating that the results for the year 1931-32 were nearly Rs.2 crores better than was anticipated and the accounts for the year showed a deficit, after providing nearly Rs.7 crores for reduction of debt, of Rs.11¾ crores. The latest revised estimates for 1932-33 indicated that the forecasted surplus of Rs.2.15 crores would be almost exactly realised and that the actual surplus—after providing nearly Rs.7 crores for reduction of debt—would be Rs.2.17 crores. Sir George Schuster added that :—

" The results for the two years combined thus show a total budgetary deficit of Rs.9.58 crores against which may be set the total provision made for reduction of debt of Rs.13.73 crores. We may therefore say that in the two years from April 1st, 1931, to March 31st, 1933—which I think may be fairly described as the two most difficult years for public finance that the world in times of peace has ever known—we shall not only have paid our way but have provided

a net sum of Rs.4 crores, 15 lakhs for the reduction of debt. I think that this result is one which is a legitimate cause for satisfaction and which amply justifies the great improvement in the credit of the Government of India which the recent rise in our security prices has shown."

In presenting the estimates for 1933-34 the Finance Member explained that, in view of the completely uncertain and abnormal conditions, accurate estimation of revenue, particularly customs revenue, for the coming year was impossible. It had been decided that the most reasonable course was to assume that the general position next year would be the same as for the current year and that India would be able to maintain the same purchasing power for commodities imported from abroad. The anticipations are summarised in the following statement :—

	Rs. (lakhs.) Better.	Worse
REVENUE.		
Customs. (Reduction due to fall allowed for in imports of sugar and piecegoods)		1,04
Income Tax. (Increase due to removal of exemption from surcharge on Government servants) ...	53	
Salt. (Reduction mainly due to termination of temporary increase in receipts on termination of credit system)		1,63
Opium	25	
Finance Heads. (Net changes including additional expenditure of 1 on account of part restoration of cut in pay)		15
Commercial Departments. Net Revenue		11
Miscellaneous. (Reduction of 30 due to no provision being included in next year's estimates for gain by exchange)		45
Expenditure. (Net reduction effected in spite of part		
Military & Civil Heads. — restoration of pay cut costing Rs. 79½ lakhs under these heads as compared with the revised estimates. This net reduction together with the reduction of 5 under Irrigation and Currency and Mint taken on the revenue side gives a total reduction of 90)	85	
Total	1,63	3,38

The net deterioration for the next year is, therefore, estimated at Rs.175 lakhs, so that the surplus of Rs.217 lakhs shown in the revised estimate for 1932-33 will be reduced to a surplus of Rs.42 lakhs in 1933/34.

Increased Import Duties.—As the United Kingdom exporter is mainly interested in alterations in the customs tariff, it will suffice here to refer to two minor changes in the import duties on boots and shoes, and artificial silk piecegoods and mixture cloths which are described as being revenue measures with a protective significance. In the case of ***uppers for boots and shoes*** unless entirely

made of leather, the duty is now 25 per cent. or 2½ annas per pair whichever is higher. The Finance Member explained that factories had been established in India for the production of shoes made from imported canvas uppers and imported rubber soling sheets. Both of these constituents pay duty at no more than the standard revenue rate and the result is that by merely assembling in India what are really foreign manufactures the amount of duty paid by importers is greatly reduced. A minimum specific duty of 2½ annas per pair, i.e., half the rate applicable to complete boots and shoes has been imposed. This will safeguard the revenue while it will leave a slight margin of advantage to the local assembly plant as compared with the importer of the complete article. Leather uppers, which in any case could not be cheap enough to fall within the scope of the minimum specific duty are excluded for the technical reason that the *ad valorem* duty to which they are liable is, owing to the operation of the Ottawa Trade Agreement, different from that applicable to other uppers. In the case of *artificial silk piecegoods,* other than fents of not more than nine yards in length, the import duty is now 50 per cent. or four annas per square yard whichever is higher. As regards *silk or artificial silk mixtures,* the duty is now 35 per cent. or two annas and three pies per square yard whichever is higher on (a) fabrics composed in part of some other textile than silk or artificial silk and in which any portion either of the warp or of the weft but not of both is silk or artificial silk and (b) fabrics not being silk or artificial silk on which silk or artificial silk is superimposed such as embroidered fabrics; and 35 per cent. *ad valorem* on (c) articles made from such fabrics and not otherwise specified. The duty on fents of not more than nine yards in length of fabrics specified in (a) and (b) above is now 35 per cent. *ad valorem.* The Finance Member explained that the old rate for mixtures was, owing to the operation of surcharges, 34⅜ per cent. This item was an intermediate rate between that applicable to silk and that applicable to the other textile ingredient, whatever it might be, with which the silk was mixed. With the raising of the duty on non-British cotton piecegoods to 50 per cent. in August, 1932, a new situation had been created, for manufacturers of such goods could escape this special duty by introducing at a trifling expense a very small quantity of silk or artificial silk into the warp or weft of cotton goods, and thus secure assessment at the lower rate applicable to mixtures—a result which would not only involve loss of revenue but would impair the operation of the protective policy of the Government. The Government of India considered that merely to raise the *ad valorem* rate would not only be a dangerous device from the revenue point of view, but would also be unfair to the manufacturers of the more expensive article in countries other than Japan and, for both these reasons, they decided to resort to minimum specific duties of 4 annas per square yard for pure goods and 2 annas 3 pies per square yard for mixtures.

The Railway Budget.—The Honourable Member for Commerce and Railways, reviewing the financial year 1932/33 stated that the receipts, according to the revised estimates, were expected to amount to Rs.85¼ crores, the lowest on record since 1921/22. Working expenses amounting to Rs.49 crores (excluding Rs.13¾ crores for depreciation) will be about two crores less than in 1931/32 due to the emergency deduction from pay and partly to retrenchment of expenditure. The loss on commercial lines is expected to be Rs.7.32 crores and that on strategic lines Rs.2.02 crores representing a total loss of Rs.9.34 crores. As there is no free balance in the Reserve Fund, the whole of this loss will be met by temporary loan from the Depreciation Fund, which, after deducting this loan, will stand at Rs.13.68 crores at the end of 1932/33.

The budget for 1933/34 anticipates traffic receipts of Rs.87 crores—an increase of 2 per cent. over 1932/33. Working expenses are expected to be Rs.63 crores (including Rs.13¾ crores for depreciation) leading to a final result which is estimated at a total deficit for 1933/34 of Rs.7.77 crores, viz Rs.5.80 crores on commercial lines and Rs.1.97 crores on strategic lines. This deficit also will be wholly met by a further temporary loan from the Depreciation Fund, which, at the end of 1933/34, after deducting this loan, will stand at Rs.13.71 crores. During 1932/33 and 1933/34 the cost of renewals and replacements charged to Depreciation Fund will be substantially less than the amounts placed to the credit of the fund by Rs.8.15 crores and Rs.7.8 crores respectively. The temporary loans to meet the deficits in the two years will therefore only reduce the balance in the Fund by about Rs.1¼ crores.

In the ten years from 1924/25 when the Railway Budget was separated from the general budget of the country, Indian railways will have earned a net surplus of Rs.21 crores, surpluses in the first six years amounting to about Rs.52 crores and deficits in the next four years amounting to about Rs.31 crores. They have contributed during the first seven years about Rs.42 crores to General Revenues and put by Rs.35 crores into the Depreciation Fund after meeting the cost of current replacements and renewals, which has enabled them to meet their deficits in recent years without outside borrowing.

Continued Curtailment of Railway Capital Expenditure.—United Kingdom suppliers of railway plant and material, who have suffered so severely during the past few years by the curtailment of the Indian railway programme of capital works and new construction, will again derive little immediate comfort from the outline of the capital programme for 1933/34 which was given by the Chief Commissioner of Railways in the following terms:—

"We have been pressed from many sides to undertake a large programme of new construction and rehabilitation with the object of stimulating trade and industry and of being in a position to meet the trade revival when it comes.

There is a certain amount of force in the arguments used, and we have not lost sight of these in framing our programme for the ensuing year. This has been designed to help trade and industry, to place the railways in a position to meet any increase of traffic which can reasonably be expected, and to ensure more economical working. It may be considered that we have not gone as far as we might have done, but it must be remembered that though an increase in our works programme may give a temporary stimulus to trade and industry, unless there are very definite prospects that the works undertaken will be remunerative in the near future, the result will be the saddling of Railways with a load of debt which would require to be met with a further increase in rates and fares, a contingency which we are particularly desirous of avoiding as it must react on trade and industry and delay their revival. We believe our programme allows for all really essential works. For example, the construction of the Chambal and Sindh bridges on the Great Indian Peninsula Railway, which with the completion of the relaying beyond Jhansi (which it is hoped to undertake within the next two years), will enable heavy engines, with consequent heavier loads, to run between Bombay and Delhi. This will increase the capacity of the line and ensure more economical working. Then the replacement of 3,000 uneconomical wagons by 2,500 wagons of higher tare capacity will cheapen the cost of transport and maintenance. We hope that these 2,500 wagons are only a first instalment and that we shall be able in succeeding years to continue this renewal policy, and if traffic justifies it, speed it up. I would also draw attention to the reconstruction of the Nerbudda Bridge on the Bombay, Baroda and Central Indian Railway. This will remove the last weak link on that Railway's main line to the north. The only other important works to which reference need be made are the remodelling of the Salt Cotaurs Yard on the Madras and Southern Mahratta Railway near Madras and the remodelling of Hubli Station on the same railway, both works overdue. As regards new construction, about 2/3 of a crore is being spent during the current year and Rs.32 lakhs has been allowed for the year 1933/34. These sums have been provided to complete works already started during the more prosperous years and no new projects are being undertaken. We have, however, not lost sight of the fact that when prosperity returns there will be a demand for new railways to develop the country. For example, we have just completed a fresh engineering survey of the Bombay-Sind connection and we are now undertaking a fresh traffic survey so that we may be in a position to start work on this very important line when and if traffic justifies. In the result, our programme necessitates the provision of Rs.5½ crores from the Depreciation Fund and Rs. 3 crores of capital during 1932/33. This is to a certain extent offset by allowing for a reduction of Rs.1½ crores in stores balances, giving a total expenditure from capital and depreciation of Rs.7 crores during the year. During 1933/34 our expenditure on open line works under capital and depreciation is expected to amount to Rs.10¼ crores, of which Rs.6 crores will be derived from the Depreciation Fund. Of this amount, Rs.1¾ crores is required for work in progress, about Rs.4¼ crores for track renewals, and Rs.2½ crores for rolling stock. We anticipate a further reduction of about Rs.1¼ crores in stores balances, so the net expenditure under capital and depreciation will amount to about Rs.9 crores."

Prospects for an Increase in Capital Expenditure.—A slightly more hopeful note was sounded by the Railway Member in his budget speech when he said :—

" I should like to refer in passing to the suggestions that have been made from many quarters that Government should take the opportunity presented by the present comparatively low rates of interest and low prices of material to embark on a larger programme of railway construction and development. It is undoubtedly true that the fall in the rate of interest has made certain projects which we had to lay aside as unremunerative in recent years more

attractive. At the same time, it must not be forgotten that the question of the remunerativeness of new constructions will now have to be examined afresh with reference to the rival claims and possibilities of road transport much more carefully than in the past. It is, for instance, a question for careful consideration whether the facilities sought to be provided by short branch line extensions of, or feeders to, existing lines, to which a good deal of attention has been paid in India in the past, cannot be more profitably supplied as part of a co-ordinated scheme of road development. An era of cheaper money would certainly necessitate our re-examining with care and attention many schemes which would have resulted in a reduction in maintenance or operating costs, but have had to be laid aside because they were not considered remunerative when higher rates of interest prevailed. All these investigations and examinations will take some time and cannot affect the next year's budget. They will, however, receive our careful consideration and the House may rest assured that when we come to the conclusion that it is wise and in the interests of railways and the country at large to undertake capital outlay of any sort on railway construction and development, we shall not hesitate to take the first opportunity of laying such proposals before you or the Standing Finance Committee for Railways."

A Road-Rail Conference was held in Simla in April, 1933, the proceedings of which are reviewed on pages 52-53. The Conference unanimously resolved that, in the general public interest the time has come for increased co-operation and a more intelligent co-ordination of efforts between the various authorities and interests concerned in the matter of (a) future Railway development, and of (b) the future development of road communications whether used for motor transport or for other purposes.

It is probable that the whole question of the desirability of increasing capital expenditure, so as to take full advantage of low rates of interest and favourable prices of material, may be reviewed by the Government of India towards the close of the present financial year when they will be in a position to see whether their budget anticipations are being fulfilled and when, it is hoped, the World economic outlook may be a little clearer. If the budget prospects for next year are then found to be satisfactory and India's general financial position is well-maintained, it *may be* that a materially increased railway capital expenditure programme for 1935/36 may be embarked upon, the contracts for which would so far as rolling stock and imported material are concerned, in the normal course be placed during the summer of 1934.

The Honourable the Finance Member in his budget speech on March 1st, 1933, went so far as to state :—

"We believe that the time is coming when our position will be so strong that we can safely contemplate relaxing the restriction on capital expenditure which we have had to impose during the last few years. With the success of our conversion schemes we are gradually approaching a period when we shall be entirely relieved of the embarrassment of having to meet heavy loan maturities each year. Once that stage is attained we shall require to raise only a very small amount of money from the public each year in order to support quite a substantial programme of capital expenditure. But there are certain conditions which will very definitely govern our action. In the first place we must adhere to the policy of not regarding any schemes as suitable objects for capital expenditure which are not economically sound and productive. In the second place, we do not intend to launch out into any programme on a scale

which is likely to depress the market for Government securities by putting us in the position of having to ask the investing public to subscribe more money than it has readily available for investment. We are approaching a period when there is more money for investment in Government loans than we require to raise. That is a very healthy change of conditions from those of the past few years and we do not intend to disturb these new conditions. As regards the outlets for capital expenditure, these again must be carefully chosen. *Contrary to the general impression, it does not appear that there are any very urgently needed railway extensions or railways works, for in spite of the restrictions of the past few years, the railways have kept fairly well abreast of current needs.* Railways, moreover, must no longer be treated in isolation; they must be regarded merely as one part of a general system of transportation and communications, of which roads also are a most important feature. At the Conference on Road and Railway policy which is to be held at Simla on April 24th, 1933, we shall consider the whole problem of financing road development. Whether any immediate opening for sound capital expenditure can be found in connection with roads I cannot yet say. All that I can say is that the time has come when we think it right to give these matters our active consideration."

United Kingdom contractors to Indian Railways should follow the position closely, as they may find, towards the close of 1933 or early in 1934, a much more favourable turn in events.

Road Development in India.—The following note on the progress made during the year in co-ordinating road development throughout the country has been courteously supplied by Mr. K. G. Mitchell, M.Inst. C.E., Road Engineer with the Government of India:—

" With the beginning of the financial year 1932/33, the road development account entered on the fourth year of its existence. After deducting 10 per cent. of the proceeds of the duty on motor spirit as a reserve with the Government of India for special grants for special purposes, the distribution of the remaining 90 per cent. on the basis of petrol consumption amongst provinces, minor administrations and Indian States had presented considerable difficulty. Accurate figures of petrol sales by Provinces and States and the shares of Provincial Governments, Minor Administrations and States have since been calculated with the help of the oil companies finally up to 31st March, 1932, and shares have been allotted. The following shows in lakhs of rupees the amounts finally distributed up to that date:—

	Rs. (lakhs).
Assam	6.005
Bengal	41.074
Bihar & Orissa	10.641
Bombay	49.387
Burma	29.280
Federated Shan States	2.372
Central Provinces	9.364
Madras	41.882
Punjab	20.141
United Provinces	16.540
North-West Frontier Provinces	5.738
Minor Administrations and States (Block grant)	39.760
	272.184

The figures below show that despite trade depression the revenue in the road development account did not greatly suffer. It was partly supported by the imposition of the emergency surcharge of 25 per cent. on the import and excise duties on petrol from October, 1931.

	Rs. (lakhs).
1929-30	102.38
1930-31	98.03
1931-32	102.01
1932-33 (from April to September)... ...	55.54

The position of the reserve on 30th September, 1932, up to which date the figures of revenue realised were available, was as follows :—

	Rs. (lakhs).
Credits to the end of September, 1932 ...	35.79
Add special windfall	9.39
Total	45.18
Debit Expenditure on account of the Road Engineer's budget for the three years ending 1932-33	1.36
Grants sanctioned for road experiments ...	1.35
Grants definitely sanctioned for special works of all-India importance	27.13
Total	29.84
Balance	15.34

It was mentioned in the last report that on account of the financial stringency the Government of India had, by a Resolution in the Legislative Assembly and the Council of State in September, 1931, obtained sanction to use as a temporary measure the provincial shares in the road development account for expenditure on the ordinary maintenance of roads on the condition that when the situation improved the amount borrowed for maintenance would be restored to the approved programmes of development. During the year 1931-32, the Governments of Bombay and the Punjab applied for and were granted with the approval of the Standing Committee on Roads interest free loans of Rs.16 lakhs and Rs.8.26 lakhs, respectively, from their share in the road development account for the maintenance of their roads. Besides this, the Governments of the Central Provinces and Assam were with the approval of the Committee granted loans of Rs.2.50 lakhs and Rs.4.28 lakhs respectively, for the completion of certain roads which had been started before the institution of the road development account.

Grants aggregating to about Rs.1.50 lakhs have been sanctioned for road experimental schemes in Bengal, Bombay, the Punjab, the Central Provinces, Burma, Assam, Baluchistan and Bharatpur. Work on some of these schemes has been completed while on others it is in progress.

At the instance of the Committee of Chief Engineers in 1931, mention of which was made in the last report, research and experiments were directed towards low cost improvements. Something has been achieved and further experiments are being made, but on an insufficient scale. Among the reasons for this are the following. Apart from the Road Rail Enquiry an unexpectedly large amount of the time of the Road Engineer with the Government of India was taken up in the various administrative matters, and the issue of the " Indian Roads " Magazine through which attention can be drawn to developments in different directions which appear to be worth following up, has not

been as frequent as was hoped. Another reason is that, before the grants for experimental purposes are made by the Government of India, they wish to be satisfied that the local Government concerned is definitely interested in the experiment as likely to be of value, as an earnest of which they usually require half the cost to be contributed from provincial revenues including the shares in the road development account. Owing to financial stringency, expenditure has been ruthlessly curtailed and even small demands for experimental work from provincial revenues appear to have been ruled out. Another reason is that in India there are inadequate facilities for those interested in improvements to meet for discussion and the exchange of ideas. There appears to be a very useful field in India for the creation of some society or association concerned with roads only which can meet at intervals, discuss progress, apportion fields of experiment, and meet again to discuss results, somewhat on the lines of the Highway Research Board of the United States of America. For example, there will be a man in one province who has made a special study of earth road improvement; in another an expert on the use of tars and bitumen, and in a third an expert on concrete roads and so forth, and these are the people who should be brought together for discussion. The Standing Committee on Roads at their meeting held on the 18th March, 1933, considered this matter carefully and provisionally recommended consideration of the constitution of a non-official body of officials and others to assist in research and experiments.

The chief event of the year has been the enquiry by Mr. K. G. Mitchell, Road Engineer with the Government of India and Mr. L. H. Kirkness, who was at the time an officer on special duty with the Railway Department, into the present state of road and railway competition and the possibilities of their future co-ordination and development, and cognate matters in Governors' Provinces. Both these officers toured all over India except Burma and collected much evidence and information. The report which has been published shows the losses at present suffered by railways from motor competition and discusses the reasons and possible remedies principally in the direction of better control of motor transport. It is emphasised in the report that the existing road system of India has become unbalanced in that the general standard and condition of trunk and main roads is relatively far superior to that of local feeder or district roads which are in the main unmetalled and that this can be corrected by more extensive road development.

The Government of India then convened a Road-Rail Conference in Simla in the last week of April, 1933. This Conference was opened by His Excellency the Viceroy and was attended by three members of the Viceroy's Executive Council, the Chief Commissioner of Railways, representatives of the various Provincial Governments with their advisers, the Light Railways, the Indian Roads and Transport Development Association, the Inland Steamer Companies, the Standing Advisory Council for Railways and the Standing Committee on Roads. After three days of deliberation and discussion the Conference adopted the following resolutions :—

1. This Conference is of opinion that, in the general public interest, the time has come for increased co-operation and a more intelligent co-ordination of efforts between the various authorities and interests concerned, in the matter of :—

(a) future Railway development
and of
(b) the future development of road communications, whether used for motor transport or other purposes

so as to secure a more comprehensive and uniform plan of general development than at present exists. * * * *

In areas where uneconomic competition between railway and road transport has been proved to exist, such increased co-operation and co-ordination may necessitate the adoption, *by mutual agreement*, of measures designed to reduce such uneconomic competition to the minimum compatible with the maintenance of healthy competition.

Any comprehensive or uniform plan of general development must sooner or later involve a gradual expansion of facilities for rural motor transport, complementary to the Railways and to other existing arterial forms of transport, but as internal district communications, apart from the main arteries, are largely controlled by local bodies any intra-provincial co-ordination of effort must necessarily in the first instance be a matter for the local Governments and legislatures, who, in such matters, should consult, and to the best of their ability, co-operate with the Railway and other interests concerned.

2. In order to ensure increased co-operation and more intelligent co-ordination of effort between the various authorities concerned, this Conference considers that the following measures would be justifiable :—

(*a*) The control of public service and goods motor transport should be regulated in the interests of public safety and convenience.

(*b*) The number of vehicles licensed to ply for hire should be restricted so as to prevent such competition between all forms of transport as may be contrary to the public interest.

3. This Conference considers that the statutory provisions which at present limit the operation of motor services by certain railways should be repealed.

4. This Conference recommends that the present regulations regarding public service and goods motor transport should be reviewed with the object of amending them so as to afford every encouragement to the development of rural services even to the extent in exceptional cases of granting of monopolies for limited periods.

5. This Conference considers that, in the interests of all concerned, a co-ordinated plan should be drawn up for the taxation of motor transport by the various authorities concerned.

6. This Conference considers that :—

(*a*) the present road development account should be continued for the duration of the present constitution and would urge that provision for its continuance be made in the new constitution;

(*b*) the class of roads to which the road development account should be applied, including the maintenance of roads constructed from that account, be reconsidered;

(*c*) in the present circumstances the most urgent need is an improvement in the efficiency and a reduction in the cost, of the transport of agricultural produce to markets and thence to the railways; future road development programmes should be framed accordingly.

7. This Conference considers that it is necessary to study the question whether such lack of balance as at present exists in the road systems will, if the means of development are restricted to revenue resources, be susceptible of correction either at all or at a rate consistent with the economic needs of the country; and accordingly recommends that a comprehensive plan should be drawn up with a view to examining the possibility of development of both main and subsidiary roads from loan funds within the limit of the resources available for maintenance.

8. This Conference considers that suitable machinery should be established at the Centre and in the Provinces to ensure adequate co-ordination between all forms of transport and their future development.

The Government of India are now considering the results of this Conference, and the further action that should be taken."

Indian Joint Stock Companies in 1932-33.—*Flotations.*—There has been a marked increase in the number of companies floated during the year, largely as a result of the boom in sugar factories. The following statement shows the position over a period of years:—

Year	Companies registered		Aggregate Authorised Capital		
	Number	Index number (pre-war year=100)	Amount	Index number (pre-war year=100)	Average authorised Capital per Company
			Rs.		Rs.
1913-14 (pre-war)	356	100	66,91,53,000	100	18,79,000
1927-28	626	176	17,57,04,000	26	2,81,000
1928-29	726	204	27,38,31,000	41	3,77,000
1929-30	839	236	62,55,18,000	93	7,46,000
1930-31 (*a*) ...	731	206	21,55,62,000	32	2,95,000
1931-32	768	216	29,97,60,000	45	3,90,000
1932-33	1,247	350	30,99,88,000	46	2,49,000

(*a*) Revised.

During the past year, increases in the authorised capital were noticeable under the following heads:—sugar manufacture (+Rs.6,27 lakhs); estate, land and building (+Rs.1,05 lakhs); engineering (+Rs.97 lakhs); investment and trust (+Rs.69 lakhs). The amount of authorised capital is a very unsafe guide to the actual state of affairs, as in the majority of Indian concerns the paid-up capital is only a small fraction of the authorised capital. Companies in India go to allotment on very small subscriptions.

Liquidations.—327 companies with a total authorised capital of Rs.21 crores, having ceased work, went into liquidation or were finally dissolved during the year 1932/33.

Indian Working Class Cost of Living Index.—Bombay.—After a heavy fall in 1930 and the first quarter of 1931, the index figure has remained fairly stationary with a slight downward tendency until at the 31st March, 1933, it stood at 106 : (at the end of May it stood at 100 which represents the level of prices in July, 1914). The general index number thus fell 93 points below the high water mark (193) reached in October, 1920, and 9 points below the twelve-monthly average for the year 1932. The articles included in the index are cereals, pulses, other articles of foods, fuel and lighting, clothing and house-rent. The articles have been given the relative importance which each bears to the total all-India aggregate expenditure. No allowance is made for any change in the standard of living since July, 1914.

(All items : percentage increase over July, 1914).

	1928	1929	1930	1931	1932	1933
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January	54	49	47	17	10	9
February	48	48	44	13	10	6
March	45	49	41	11	11	6
April	44	48	40	11	8	1
May	47	47	39	10	7	0
June	46	47	40	9	7	—
July	47	48	39	8	9	—
August	46	49	36	8	9	—
September... ...	45	49	36	8	9	—
October	46	49	31	8	9	—
November	47	50	27	8	10	—
December	48	50	21	9	10	—
Yearly average ...	47	49	37	10	9	—

Patents and Designs.—In his report for the calendar year 1932, the Controller of Patents and Designs states that the total number of applications for patents filed during the year was 928 as compared with 940 in 1931. Of these, 269 originated in India and the remaining 659 came from abroad. Applications numbering 267 claimed priority under the reciprocal arrangements with the United Kingdom and other parts of the British Empire. The outstanding feature of the year was an increase of 30 per cent. in the number of inventions which originated in British India. The trend of inventions, arranged according to the broad heads under which they may be classified is dealt with by the Controller in the following terms :—

"**Electrical Industries.**—These industries were, as in previous years, responsible for a very large number of applications for patents, the number for the year under review being roughly one-eighth of the total number of applications filed during the year. Although most of the applications came from abroad, there has been a marked increase in the contribution made by Indian inventors in this highly technical sphere.

Transport.—This heading also claimed a large number of applications for patents. Matters connected with railway transport claimed larger attention than problems of road transport. The number of Indian inventions relating to permanent-way construction was as large as that of foreign inventions. The object aimed at by most of the inventors was either the prevention of creep or the attainment of smooth running of vehicles, or the maintenance of the gauge. Of the inventions relating to railway vehicles, a large number related to couplings and draw gear, and brakes. In the case of brakes, the automatic adjustment of braking-force to suit the load of train, was an object most noticeable.

There was a pronounced fall in the number of applications relating to railway signalling.

In the sphere of road transport, the improvement of road surfaces and road vehicles claimed the attention of inventors. In the former, attempts were made to evolve a type of road surface which will be resilient and will possess good wearing qualities. In the latter, inventive activity was more diverse.

Inventive activity in the sphere of lifting and loading materials, also deserves mention. The inventions here related to band conveyors and automatic speed control means for lifting cages, etc. In the latter case, the main object of inventors was to obtain more efficient control of the speed of a lift or the like, in such manner that the extent of the control may be made dependent not only upon the actual speed of the lift, but also upon its position during its travel. Of the inventions originating in India, one relating to a rope and pulley arrangement for lifting and lowering the locking barriers on railway lines may be mentioned.

Agriculture and Irrigation.—The number of inventions relating to these industries showed a slight increase, as compared with the previous years. Increased activity was noticeable mainly in connection with the treatment of the tea leaf and the production of fire-proof and granular India rubber, and in improvements relating to oil presses, manures, and lift irrigation. In connection with the last-mentioned subject, it is noteworthy that 19 out of 20 inventions relating to pumps and Persian-wheels originated in India. These inventions came from widely separated parts of the country, the Punjab contributing the largest number.

The attention of Indian inventors was also directed to floating pump installations for wells. A method of forming tube wells was also devised, the object aimed at being the prevention of the choking of the well strainer.

Textile Industry.—This industry showed a slight falling off in inventive activity compared with the preceding year. The fall occurred mainly in respect of inventions relating to the " charka " and other spinning machinery. This falling off was not due to any slackness on the part of Indian inventors interested in the textile industry. On the contrary, and as may be expected from the strenuous efforts that are being made in the country to improve the quality as well as the quantity of its cotton goods, the number of Indian inventions relating to this industry increased considerably.

As compared with the previous years, there was a fall in the number of applications relating to artificial silk.

Buildings and Structures.—In spite of a fall in the total number of applications for patents, noticed during recent years, the number of applications relating to constructional engineering has been steadily increasing; and the year under review recorded an increase of nearly 30 per cent. under this head. The contribution of Indian inventors, however, showed marked falling off. Among the objects aimed at by the inventors may be mentioned the standardization of the units used in the construction of bridges and like structures, and the improvement of hollow blocks used in the construction of floors and roofs.

A process which is claimed to be of commercial importance relates to the manufacture of cement from primary laterites. Large deposits of this ore are found in this country, but owing to their low aluminium and iron contents, they have not hitherto been considered of economic value.

Health and Sanitation.—The number of applications for patents relating to these subjects showed a sharp falling off, as compared with the preceding year. The fall was most noticeable in inventions relating to sanitary closets and disinfectants. A fair proportion of the inventions originated in India and related to flushing cisterns and to septic processes of treating sewage. The escape of noxious gases from sewers by means of a water seal arrangement was the theme of an Indian invention.

Fuel and Power.—The year under review recorded an increase in the number of inventions relating to fuel, but a fall in those relating to generation of power.

As regards designs, 1,223 applications were filed during the year as compared with 3,474 applications in 1931. The number of applications which originated in India was 412 as compared with 163 in 1931. Although there was a fall of nearly 65 per cent. in the total number of design applications filed in 1932, there was an increase of over 150 per cent. in the applications which originated in India. The Controller states that the great decline in the total number of design applications was mainly due to a fall in the number of applications for textile designs from 3,231 in 1931 to 962 in the year under review. These applications, which have always constituted the bulk of the design applications filed in India, came, as usual, mainly from the Calico Printers' Association, Ltd., who filed 703 applications. 187 designs relating to textile piecegoods originated in India. Nineteen applications were filed during the year in respect of embroidery designs, all of which came from Bombay. Among applications for registration of designs other than those relating to textiles and embroidery, 206 originated in India, 83 being from Madras for metal blocks used in printing and for printing type of Tamil alphabets, etc.; 42 from the Punjab for footballs, cricket and hockey balls, tennis rackets, etc.; 41 from Bengal for ceiling fans and lights, mirrors, vapour lamps, lamp stands, etc.; and 14, 12 and 5 from Delhi, the United Provinces and Burma respectively for miscellaneous articles such as metal spoons, locks, Persian-wheels, rickshaws, etc.

A thoroughly revised edition of the Patent Office Handbook was published during the year.

Civil Aviation.—I am indebted to Mr. F. Tymms, M.C., Director of Civil Aviation in India for the following comprehensive note on the progress of Civil Aviation in India during 1932/33 :—

REGULAR AIR SERVICES

INDIAN INTERNAL SERVICES

The most important development during the year was the inauguration, on the 15th October, 1932, of the Karachi-Bombay-Madras air mail service, operated by Tata Sons, Ltd. The Karachi-Delhi air mail service was operated throughout the year by the Delhi Flying Club. Both these services operated weekly in connection with the Imperial Airways service from London to Karachi. The total mileage of internal air mail services is now 2,010, made up as follows :—

Karachi-Delhi	... ...	690
Karachi-Madras	... ...	1,320
		2,010

(1) Karachi-Bombay-Madras Air Mail Service.—A ten year agreement between the Government of India and Messrs. Tata Sons, Ltd. has been effected for the operation of a weekly air mail service between Karachi and

Madras via Bombay connecting with the Imperial Airways service between Karachi and Europe; the service was inaugurated on 15th October, 1932. The stopping places on the route are Karachi, Ahmedabad, Bombay, Bellary and Madras. The mileage is given below :—

Karachi-Ahmedabad	...	385
Ahmedabad-Bombay	...	275
Bombay-Bellary ...	...	390
Bellary-Madras ...	...	270
		1,320

The service has been operated by two De Haviland Puss Moth aeroplanes capable of carrying a load of 350 lbs. of mail and cruising at 105 miles per hour. A De Havilland Fox Moth has now been added to the fleet. The service is operated by a European pilot manager and an Indian pilot. Provision has not been made for the carriage of passengers. The saving of time over the existing surface means of transport to and from Karachi is approximately as follows :—

Southbound.

Ahmedabad	...	...	1½ days.
Bombay ...	...	...	1¾ ,,
Madras ...	...	...	2¼ ,,

Northbound.

Madras ...	...	...	2¼ days.
Bombay ...	...	...	1½ ,,
Ahmedabad	...	...	1¼ ,,

The service was regularly operated up to the end of the period under review viz., 31st March, but on one occasion there was a delay of one day in the southbound service, due to unserviceability of machines, in addition to the delays in the southbound service caused by late arrival of the overseas service.

Negotiations for the extension of the Karachi-Madras air mail service to Colombo are in progress. As soon as agreement is reached, steps will be taken towards the commencement of the service which, it is hoped, will be inaugurated not later than October, 1933. The mileage of this section of the route is 425. No intermediate stops are contemplated and the service will probably be operated by seaplane or amphibian.

(2) **Karachi-Delhi Air Mail Service.**—The Delhi Flying Club continued to operate the air mail service between Karachi and Delhi throughout the year 1932. The agreement was renewed on the 31st December, 1932, the date of its expiry.

The route mileage of this service is as follows :—

Karachi-Hyderabad*	...	100
Hyderabad-Jodhpur	...	290
Jodhpur-Delhi ...	...	300
		690

*NOTE.—Hyderabad is a stopping place only on the westbound service.

The night stop at Hyderabad for connection with the southbound Punjab Mail train proved of considerable value, particularly during the summer when the Government of India are located in Simla. As from the 15th October, the mails for south India were carried by the Tata service and the arrangement for the Jodhpur-Falna connection ceased. In spite of the considerable weight of mails transferred from the Delhi service in consequence, the normal growth of air mail traffic operated to maintain the average load without decrease. The

only other operational change during the year was necessitated by the strong westerly winds during the summer months and the absence of night lighting organisation. To meet this difficulty, the schedule time of departure from Delhi was changed for that season from 09.30 to 07.30, which resulted in some minor late train connections being no longer available. Floodlights have now been provided and it is hoped that this will obviate the necessity for a change during the monsoon of 1933.

Although 104 services were operated, there were only three occasions when the westbound service failed to make connection with Imperial Airways at Karachi, two of these being due to forced landings on account of weather (sandstorms and thunderstorms) and one due to forced landing on account of mechanical failure.

The total weight of mail carried during the calendar year 1932 was 10,066 lbs.—an average of 99.6 lbs. per flight—compared with 8,295 lbs. in the previous year (Charter Service).

The service was operated with a De Havilland Gipsy II Moth with a De Havilland Puss Moth as relief machine. It is worthy of note that except on one occasion the service has been operated by an Indian pilot entirely trained by the Delhi Flying Club.

(3) **Projected Developments.**—Negotiations, which were carried on during the year for the establishment of an air mail service from Karachi to Moghal Serai to improve the service to Calcutta and in substitution for the Karachi-Delhi service, were abandoned in favour of a larger scheme to form part of an extension of the British air service to Australia. At the time of this report negotiations are still in progress, but it is expected that they will result in the establishment of an air service across India during 1933.

EXTERNAL AND FOREIGN AIR SERVICES

(1) **Imperial Airways London-Karachi Air Service.**—Throughout the year the service was operated to the same time table :—

Eastbound.			*Westbound.*		
London	...	dept : Saturday	Karachi	...	dept : Wednesday
Karachi :	...	arr : Friday	London	...	arr : Tuesday

The four-engined Handley Page 42 type of aeroplane was used throughout the year, and did much to establish an enhanced reputation for the comfort of the service.

Changes in the route, of considerable importance, took place during the year. These, while not directly the concern of India, were of interest to the Indian public.

(i) The most important change took place on the 1st October, 1932. Hitherto the service had been operated since 1929 along the Persian shore of the Persian Gulf, via Basra, Bushire, Lingeh, Jask and Gwadar. The permission of the Persian Government to operate along this route, which had been twice temporarily extended expired on the 30th September. The Persian Government had offered permission to operate a route via Central Persia through Ispahan, Yezd and Bam to Gwadar, but the route is entirely unorganised and on account of the high mountainous regions to be crossed, other physiographical difficulties and lack of transport facilities, it was deemed impossible of operation. In the meantime, with the co-operation of the Sheiks of Koweit, Bahrein and Sharjah, a route was organised along the Arabian shore of the Gulf and the service is now operated via those places and rejoins the original route at Gwadar.

(ii) In order to shorten the route across the Mediterranean, which had hitherto been operated via Cairo, duplicate flying boat services were operated for the African and Indian services throughout the year. As the result of this

Madras via Bombay connecting with the Imperial Airways service between Karachi and Europe; the service was inaugurated on 15th October, 1932. The stopping places on the route are Karachi, Ahmedabad, Bombay, Bellary and Madras. The mileage is given below :—

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(ii) In order to shorten the route across the Mediterranean, which had hitherto been operated via Cairo, duplicate flying boat services were operated for the African and Indian services throughout the year. As the result of this

change the Indian service operated via Athens, Cyprus and Galilee, where the change from flying boat to landplane was made for the flight to India, via Rutbah Wells and Baghdad. Whilst the change had excellent results during the summer, it was found that the intense storms and strong winds encountered in the neighbourhood of the mountains of the Asia Minor mainland, during the winter, combined with the long refuelling stages, had a very serious effect on the punctuality of the service, which gave rise to much criticism in India. To avoid these conditions during the bad period, a reversion to the original route via Athens and Alexandria was effected in January, 1933. An immediate improvement in punctuality was recorded.

The actual time taken by the service on flights eastbound and westbound, between London and Karachi is shown below :—

Eastbound		*Westbound.*	
No. of flights	Day of arrival	No. of flights	Day of arrival
36	7th	36	7th
6	8th	12	8th
7	9th	3	9th
4	10th	1	5th
53		52	

The scheduled day of arrival is the seventh day from the day of departure, which means that the actual elapsed time on the eastbound flight is approximately 6 days and on the westbound flight 6 days and eight hours.

The saving of time which this represents, as compared with the sea mail service, is, in some parts of India, considerably diminished by the absence of internal air mail services, and the lengthy train journey from Karachi. So far as South India is concerned, this disadvantage has been wholly removed by the inauguration of the Karachi-Madras air mail service.

There have been only comparatively slight increases in the weight of air mails carried on the service as compared with 1931, a result no doubt due in part to the trade depression.

To India.	1931 lbs.	1932 lbs.
Mails for India ...	45,632	45,111
Transit mails ...	840	1,766
	46,472	46,877

From India.	1931 lbs.	1932 lbs.
Mails from India ...	40,474	42,407
Transit mails ...	2,592	4,299
	43,066	46,706

A point worthy of note is that the passenger traffic increased approximately 50 per cent. as compared with the previous year.

(2) K.L.M. (Royal Dutch Air Lines) and Cie. Air Orient (French) Air Services.—No new foreign services were inaugurated during the year under review. Both the Dutch service from Amsterdam to Batavia, and the French service from Paris to Saigon were operated throughout the year.

The number of flights carried out by the Dutch, (K.L.M.) and French (Compagnie Air Orient), services across India during the year 1932 was :—

	Eastbound	*Westbound*	*Total*
Dutch	52	52	104
French	43	43	86

From the 15th May, 1932, the French (Compagnie Air Orient) service was operated weekly in each direction; both the Dutch and French companies now run their services on a weekly basis. The Dutch service continued to be operated mainly by Fokker F XII and F XVIII aircraft, and the French services by Fokker F VII.

An important change of policy with regard to the use of these services for the carriage of Indian air mails was given effect on the 27th September, 1932. Hitherto they had carried mails to India and had delivered them to the Postal Authorities at the aerodrome of entry. Both services are now used for the carriage of air mails to countries east of India which are served by them, viz. Siam, Indo-China, Federated Malay States and Netherlands East Indies. In addition, the services are used for the carriage of air mails from Rangoon to Calcutta, which are consigned by the Delhi-Karachi service and thence by Imperial Airways to countries in the West.

IMPORTS AND EXPORTS BY AIR

There was a notable increase both in the number of aircraft cleared and in the value of imports and exports by air through Indian air ports.

The number of aircraft arrivals from abroad was 271 compared with 179 in 1931. The number of aircraft departures for abroad was 268 compared with 176 in 1931.

Compared with a value of Rs.1,50,601 merchandise imported in 1931, the value in 1932 was Rs.8,28,786 which included a consignment of diamonds valued at Rs.4,17,169. The imports of bullion and currency notes declined from Rs.1,06,801 to Rs.33,766.

The exports of merchandise were small, amounting to Rs.15,353 compared with Rs.4,286, but the exports of bullion and currency notes increased from Rs.14,54,790 in 1931 to Rs.24,58,563 in 1932.

FLYING CLUBS AND PRIVATE FLYING

(1) **Flying Clubs.**—On the whole good progress in the flying club movement was maintained, the only setback being the cessation of the activities of the Punjab Flying Club.

The flying clubs at Karachi, Delhi, Bombay, Calcutta and Madras continued operations on a subsidised basis. The Government subsidy was reduced, as compared with the previous year, by an amount of Rs.6,000 for each club, the basis of payment being as follows :—

	Rs.
Fixed subsidy	17,000
Bonus at the rate of Rs. 100 for each pilot trained *ab initio* and licensed. Maximum	2,000
	19,000

The Aero Club of India and Burma, which, in addition to its function of representing the Fédération Aéronautique Internationale in India, and its responsibility for the organisation of the sport of flying and air touring, is responsible for assisting Government with the administration of the flying clubs and co-ordinating their activities, also suffered a cut in subsidy from Rs.20,000 to Rs.16,000.

It may be noted here that it has been decided to impose further cuts in the subsidy for the financial year 1933-34. The flying club fixed subsidy wil be reduced to Rs.16,000 and the Aero Club subsidy to Rs.5,000. These cuts will provide funds for the payment of a subsidy to the United Provinces Flying Club in 1933-34.

The Cawnpore and Lucknow centres of the Delhi Flying Club continued operation throughout the year, and at the end of the year arrangements were made for their incorporation as a separate United Provinces Flying Club, which will receive a Government subsidy. The Club has received a good measure of private support. One aeroplane and a hangar for Lucknow have been donated while funds have been collected for a hangar at Cawnpore. Operations will continue at both centres. There is evidence that the establishment of this new club will arouse interest and enable occasional facilities for flying to be provided in the eastern United Provinces and Bihar.

The Jodhpur Flying Club, though handicapped by small membership and unable therefore to produce results comparable with those of the larger centres, continued to operate. Its value as an established flying centre, however, is out of proportion to the actual number of hours flown. The maintenance of Jodhpur as a flying centre for private flying and its development as a commercial aerodrome are due to the keen interest taken by His Highness the Maharajah. Towards the end of the year, two Monospar aeroplanes were purchased and arrangements made for the Club to provide agency and service facilities for this type of aircraft.

Despite lack of Government support, the Kathiawar Flying Club came into active existence in April, 1932. It was at first centred at Rajkot in Kathiawar, but later moved its headquarters to Ahmedābad, where it is established on the military landing ground. While it was established by individual initiative and is supported by private financial assistance, it is becoming organised as a membership club. Rajkot is still maintained as a branch centre. Two pilot instructors are employed.

Government support was withdrawn from the Punjab Flying Club on the expiry of the agreement in March, 1932. The Club ceased to operate, having no serviceable aircraft and no staff. Steps were taken to apply for the liquidation of the Club, and a Receiver was appointed in March, 1933. The initial steps in the formation of a new Club at Lahore have been taken and it is hoped that this will come into operation during 1933.

The Madras Flying Club have made arrangements to extend their activities to Trichinopoly. The Bengal Flying Club considerably improved the amenities of the Club by the provision of a new Club House on the Dum Dum aerodrome. The Bombay Flying Club which has always made a practice of extending its activities to surrounding centres continued to do so. During the monsoon, the whole of the operations of the Club were transferred to Poona.

The total membership of the flying clubs in India suffered a decrease on account of the demise of the Punjab Flying Club, which had a large membership. The figures were 1,538 in 1932 (December), as compared with 1,880 in 1931. There was an increase in the total number of aircraft owned by flying clubs from 20 in 1931 to 26 in 1932. There was also an increase in the total number of hours flown from 9,070 to 9,717. In view of the smaller number of pilots trained, this must be partly ascribed to greater activity in passenger flights, and hence represents a widening of interest in flying.

On account of the closing of the Punjab Flying Club and a temporary suspension of activities (for leave purposes) of the Karachi Aero Club, there was a decrease in the number of pilots trained *ab initio* from 113 to 85. Of this number 44 were Indians and 41 Europeans. Several of the clubs turned their attention to the advanced training of pilots who wished to take up flying as a profession. The following numbers were trained and obtained the appropriate licence :—

Pilot Instructors	1	(Madras)
B. Licence (full Commercial Pilot's Licence)	2	(Bengal 1) (Delhi 1)
A1. Licence (Limited Commercial Pilot's Licence)	5	(Madras 1) (Delhi 3) (Bombay 1)

In addition, a trainee of the Delhi Flying Club who has been taught *ab initio* and successively obtained his " A " and " B " licences, was given a grant of Government assistance, and sent to an instructor's school in England for a full course as a pilot instructor. He passed through the course with distinction and was thereafter granted a Pilot Instructor's Licence.

The total number of passengers carried by the flying clubs on taxi and short pleasure flights, was 4,972 compared with 3,247 in 1931.

The number of hours flown by privately owned aeroplanes was approximately 682.

There has been a natural increase in the number of personnel engaged by the flying clubs. The figures at the end of December, 1932, were :—

	Technical	Clerical	Menial	Total
Europeans ...	16	—	—	16
Indians ...	23	23	62	108
	39	23	62	124

During the year, there has been a large extension of the training facilities in aircraft engineering offered by the flying clubs. It has to be understood that the facilities are somewhat limited on account of a number of factors among which may be noted (1) that the clubs are primarily organised for flying training and the time of the fully qualified ground engineers available for instruction is limited; (2) that the clubs have not large and well equipped workshops; (3) that the types of aeroplanes and engines used are limited to two or three. Nevertheless, with these limitations in mind, it has been possible for mechanics employed by or apprenticed to the clubs to be trained to the standard necessary to qualify for a limited ground engineer's licence. During the year three ground engineers licences have been issued, after examination by the staff of the Directorate of Civil Aviation, to mechanics trained by the flying clubs. On the 31st December, 1932, the following numbers were under training :—

Premium apprentices ...	10
Free tuition	13

In addition, most of the Indian mechanics shown above as paid staff of the clubs are still receiving training to qualify for licences as ground engineers or extensions to their licences.

The annual conference of flying club representatives was held in Delhi on the 12th February, 1933, when a large number of representatives was present in connection with the Viceroy's Trophy Air Race. Matters of considerable importance were discussed and agreement reached in principle. The future support of the Aero Club of India and Burma, in view of the reduction of the Government subsidy, was decided as being of vital interest to the flying clubs and provisional measures to that end were agreed. The most important problem facing the clubs is that of making themselves self-supporting. Analysis of the operational results over a period of years shews that the total costs are in the neighbourhood of Rs.50 per hour flown, while the average income of the clubs from flying fees is approximately Rs.25. Uniform rates of flying fees, as between the different clubs, and a general increase in flying fees were agreed on as the first step towards the reduction of the disparity. These measures have now to be given effect to by the individual clubs.

(2) International Flights.—No international flights were carried out by Indians. The number of casual long distance flights by foreign and non-Indian aviators across India during the year 1932 was 26. These were distributed as follows :—

British	14
French	3
German	1
American	2
Australian	2
Canadian	1
Czechoslovakian ...	1
Spanish	1
Swiss	1

The 14 British flights included flights to England from India and back on an Indian registered aeroplane by a British pilot with an Indian engineer. There was one accident in connection with these flights, with unfortunately fatal results. This was the loss at sea near Rangoon of two British planters, Messrs. G. W. Salt and F. W. Taylor, residents of Malaya, who were flying to England. Having left Moulmein for Rangoon they failed to arrive. Extensive searches were instituted by the Government of Burma and the Government of India by land, sea and air but no trace of the aviators was found.

MISCELLANEOUS FLYING AND COMMERCIAL ACTIVITIES

(1) Imports of Aircraft and Aircraft Material.—The total value of the imports of aircraft and aircraft material into India during the year 1932 was Rs.3,19,064.

(2) Air Survey and Photography.—The only company carrying out this work in India is Indian Air Survey and Transport Ltd., of Dum Dum.

During the year 1932 work was continued on the programme of settlement mapping in the United Provinces and Bengal. The total area photographed during the year 1932 was 877.5 square miles compared with 2,712 square miles in 1931, but a considerable area of mapping work in addition was completed during the year. The flying carried out by the company during the year amounted to 181½ hours. Maps on a scale of 16 in. to the mile showing the boundaries of every field holding in an area of 1,500 square miles were delivered to the Government of the United Provinces. Photographs of an area of 850 square miles on the same scale, rectified for tilt and mounted on zinc sheets to avoid distortion, were delivered to the Government of Bengal preparatory to the preparation of settlement maps. The photography of another block of 750 square miles in the Rangpur district, Bengal, was completed in December. A survey of 30 square miles in the Dacca district was completed in April in connection with the planning of protection works along the Sityalakhia Khal at Narainganj. Towards the end of the year a number of tests were made to determine the suitability of Infra Red photography for high altitude work in India.

(3) Indian States.—Apart from developments in Jodhpur, referred to under the heading of the Jodhpur Flying Club, there is a marked indication that flying is being taken up by the Indian States both by the Ruling Princes themselves and for the general purposes of the State and private flying. The purchase of an aeroplane by H.H. the Rajah of Junagadh was referred to in last year's report.

H.H. the Maharajah of Patiala, who has long been interested in flying, has purchased a Monospar and engaged a pilot, and further aviation developments are contemplated in the State.

The Alwar State purchased a Puss Moth and engaged an Indian pilot to improve communications within the State during the unrest which prevailed early in 1933.

The Hyderabad State, early in 1933, appointed a Civil Aviation Board, and steps were taken to select and acquire land for a civil aerodrome at the capital and to form a flying club which will commence operations during 1933. A programme for the development of commercial aviation within the State is being worked out.

AIRWORTHINESS

In a country like India, with no manufacturing organisation, a problem of no small difficulty is encountered in the settlement of the standard of airworthiness. To establish an independent standard or to verify independently an adopted standard would be impossible without a large technical organisation such as exists in the Air Ministry Airworthiness Department or the Aeronautics Branch of the American Department of Commerce. Nor is it necessary, while aircraft are not designed and manufactured in India, to set up such an organisation. The absence of it, however, makes it necessary to adopt the standard of another country and to rely on the organisation of that country. Fortunately this has been possible by adopting the United Kingdom standard, and the greatest help has been, at all times, received from the Air Ministry. Indian certificates of airworthiness are issued for all aircraft which have satisfied the United Kingdom airworthiness requirements.

In adopting the Air Ministry standard, it follows that other standards which have not been proved to be the equivalent of that standard cannot be accepted. The standards worked to by certain other countries are known to be sound, but to differ from the Air Ministry standard. It requires special expert staff to determine the differences and the modifications in design necessitated thereby. Such a task could not be attempted in India and it is, therefore, necessary that any foreign built aircraft, to obtain a certificate of airworthiness in India, must first be accepted for the issue of a certificate of airworthiness by the Air Ministry.

Determined efforts are being made in international negotiations to obtain, as far as possible, a unification of standards of airworthiness. The International Commission for Air Navigation have, for some years been engaged in the formulation of an international minimum standard. In the meantime, however, negotiations and investigations, which were launched at the Imperial Conference in 1930, are proceeding towards the adoption of an Empire standard of airworthiness, common to all countries in the British Empire. Its adoption will go a long way to ease the situation in India, since aircraft manufactured in any country of the Empire, and exported with a certificate of airworthiness may then be accepted as complying with the Indian adopted standard. The remainder of the problem is one of maintenance which is within the scope of the Indian organisation.

Negotiations are also proceeding with the United States of America to settle the conditions of mutual recognition of American and British certificates of airworthiness. The settlement of these terms will make it possible to import American built aircraft for commercial work in India. Pending agreement and the determination of the conditions, foreign built aircraft can only

be used in India for private flying on which there is no restriction. In the case of any particular aircraft, however, it may happen that the type has already been accepted for airworthiness purposes by the Air Ministry in the United Kingdom or an Indian certificate of airworthiness may be obtained by first submitting the aircraft to investigation by the Air Ministry and obtaining a United Kingdom certificate of airworthiness.

During the year 1932-33, 24 applications were received for issue or renewal of Certificates of Airworthiness for public transport aircraft and 19 for issue or renewal of Certificates of Airworthiness for private aircraft. The number of applications relating to private aircraft represents a considerable increase over previous years. This is satisfactory as indicating that private owners appreciate the value of inspection and proper maintenance of their aircraft, as the principal factor in ensuring safety and obviating accidents from engine failure or structural failure of the aircraft.

APPROVED FIRMS

The approved distribution procedure has been developed and extended. The following firms were approved up to the end of 1932 as distributors of aircraft parts, materials, etc. :—

Name of Firm.	*Purpose for which approved.*
1. De Havilland Aircraft Co. Ltd., Karachi.	Supply of aircraft components and materials.
2. Indian Air Survey and Transport Ltd., Dum Dum.	Ditto.
3. Messrs. Hoosenbhoy Karimji & Sons, 170, Napier Road, Karachi.	Supply of aeronautical publications.
4. A. R. Haseler, Bombay.	Supply of aircraft components and materials.
5. French Motor Car Co. Ltd., Calcutta.	Supply of aircraft instruments.
6. The Dunlop Rubber Co. (India) Ltd., Calcutta, Bombay and Madras Branches.	Supply of aircraft tyres and tubes.
7. Geo. Miller & Co., Ltd., Engineers & Agents, 7, Hastings Street, Calcutta.	Supply of aircraft glue.
8. Martin & Co., Department Bosch Service, 58, Free School Street, Calcutta.	Supply of aircraft magneto spares and for repair and overhaul of aircraft magnetos and magneto parts.
9. Messrs. Lucas Indian Service, Ltd., 2, New Queens Road, Bombay.	To fit maker's approved aircraft magneto spares (except rewinding of armatures)

Wireless Telegraphy.—I am indebted to the Joint General Manager of the Indian Radio and Cable Communications, Co., Ltd., for the following interesting note with regard to the development of wireless communications in India during the year :—

Beam Telegraph Service between India and England.—" During the year under report, i.e., 1931-32, the main activities of the Indian Radio and Cable Communications Company—originally known as the Indian Radio Telegraph Company Ltd., included the Wireless Beam Telegraph Service between India and England, and the following comparative figures of the traffic exchanged between the two countries by means of this Service offer interesting information :—

Total sent and received words.

1928	1929	1930	1931
114,87,741	129,32,764	124,95,434	127,45,952

As can be seen from the above figures, in spite of the continued trade depression, the traffic handled over the Beam Service during the year 1931 was nearly 2 per cent. in excess of that handled during 1930.

Cable and Wireless Merger.—One of the most important developments in the history of the Company was the merger of Cables and Wireless. The Indian Radio Telegraph Co., Ltd., entered into an agreement with the Imperial and International Communications Ltd., on the 19th February, 1932, whereby the Indian Company took over the control of the Cables both at Bombay and Madras from the 1st July, 1932, and assumed its present name as from the 1st May, 1932. This unified control of cables and wireless has naturally been of very great advantage to the business as the traffic can now be handled more expeditiously than before and the cable rates have been brought down to the level of wireless.

Beam Service to Japan.—During the year, the construction work in connection with the India-Japan Beam Telegraph Service was completed and after satisfactory preliminary tests were carried out, the service was formally opened to the public on the 11th January, 1933, by the Hon'ble. Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., Member of the Governor-General's Executive Council in charge of the Department of Industries and Labour. The opening up of this new channel has been a welcome feature of the commercial life of this country and the results achieved so far have been very satisfactory.

Beam Telephone Service.—The installation work in connection with the Wireless Telephone Service between India and the United Kingdom was also carried out during the year in question and the same was completed by the end of 1932. After satisfactory preliminary tests were carried out in conjunction with the British Post office, the Service was opened to traffic on the 1st May, 1933, by His Excellency the Governor of Bombay. Extensive alterations and reconstruction of the land-line trunks were necessary for the efficient working of this Service and hence in the beginning the facilities of this Service were restricted to Bombay and Poona only. The question of the land-lines has been engaging the urgent attention of the Posts and Telegraphs Department and the Service is being made available to other important cities of India as and when feasible. Arrangements to link India through this Service with other parts of the world are also in progress. As was expected, the Service has proved to be of great benefit for business and social purposes and the results achieved so far are encouraging.

The aim of the Company is to afford the public a cheap, accurate and speedy means of communication and in furtherance of this policy negotiations were carried on with the Indian Government for obtaining facilities for the more rapid distribution of traffic over Inland lines. The Company is now working the Teleprinter System between Bombay and Calcutta over one of the channels of the Bombay-Calcutta Carrier System and this circuit carries on an average 1,000 messages a day to and from Calcutta at high speed.

The other activities of the Company include :—

Point to Point Wireless Services.—During the year, short wave wireless transmitters have been installed at various headquarters for the Railway Board, which stations are giving complete satisfaction. Further developments are expected in this direction as the Railway Board have found this system to be much more economical than the renting of land lines. Such short-wave stations if equipped with telephony also, would do away with the necessity of separate telephone lines between such points.

Wireless Beacons and Direction Finding Stations.—During the year under report, the Bombay Port Trust Authorities have installed a Marconi Wireless Beacon at Kennery Island which is giving every satisfaction, and from hundreds of observations which have been made the Beacon is proving of considerable benefit to shipping. It is anticipated that this first Wireless Beacon on the Indian coast will be the forerunner for several more such stations. Negotiations with regard to the installation of two more Beacons, one at Calcutta and one at Karachi, are proceeding.

Aircraft Services.—With the development of aerial navigation in India, wireless will play a very important part. The Tata Air Service are equipping two of their present machines with Marconi Aircraft apparatus for the use of wireless telephony with Madras, Santa-Cruz (Bombay) and Karachi Stations. It is anticipated that with the benefit to aerial navigation, great developments will be made both in installing aeroplanes with wireless equipment and suitably equipping Aerodrome Stations for Direction Finding and Meteorological purposes.

Public Address Equipment.—Consequent on the successful demonstrations carried out by the Company during the last few years, the demand for the use of the Company's Public Address Equipments is steadily increasing for public address functions of all kinds and also for band amplifications. Several complete sets of Public Address Equipments which have been sold to the Indian States are giving every satisfaction.

Future Developments.—Apart from inter-Continental télegraphic services, there is a vast field for the development of wireless in India. It is admittedly suited for Police outposts, for coastal communication with lighthouses and lightships, and as an aid to navigation to both ships and aeroplanes with the anticipated developments of commercial aviation in India for aerodromes and meteorological purposes, it is anticipated that there will be considerable developments on these lines in India in the near future.

In connection with the Wireless Beam Telephone Service referred to above, developments can be expected in transmitting broadcasting programmes over this channel so that such programmes can be broadcasted by the local stations in India without suffering the distortion and fading when picking up a short-wave broadcast programme by omnidirectional methods."

Broadcasting.—The Indian State Broadcasting Service is directly administered by the Government of India through two Directors of Broadcasting stationed respectively at Calcutta and Bombay. The financial losses referred to in my last report are gradually being reduced, but, as the Commerce Member stated, when introducing the bill on April 4th, 1932 to increase the import duty on domestic wireless apparatus to 50 per cent. *ad valorem* in order to provide funds for the service, there is still a deficit of Rs.60,000 to be covered. The total number of broadcast receiver licenses issued during 1931/32 was 8,018 as compared with 8,079 in the previous year. Licenses for importing wireless apparatus were issued or renewed in 614 cases. The number of licenses for

fixed stations was 140 and for mobile stations (ships) 29. Small licensed broadcasting stations in Madras and Lahore continued to work experimentally. They are, however, not connected with the Indian State Service. There is no doubt that the number of receiver licenses in India, although still relatively small, is growing at a satisfactory rate, and considerable advance has been made since the autumn of 1932 due to the inauguration in December, 1932, of the Empire short-wave broadcasting service, which was followed, early in 1933, by the inauguration of short-wave transmission from the Indian stations so that the Empire service may be relayed to local listeners.

The Empire service provided by the British Broadcasting Company is becoming increasingly appreciated, but is greatly interfered with by atmospherics during certain periods of the year. The service, being in its infancy and still to some extent experimental, will doubtless be greatly improved during the present year. There is probably no portion of the Empire where the broadcast of specially selected items of news, speeches, music and educational talks of all kinds is more keenly appreciated. The Empire wireless broadcast has opened up a new vista of amusement and instruction alike to Europeans and educated Indians. It is an Imperial link of the highest importance. No effort should be spared to make it as efficient as possible from the technical aspect and as interesting and instructive as it can be made from the point of view of the programmes transmitted.

The Indian Census 1931.—In the report of 1930/31 I commented upon the phenomenal increase of 32½ million people representing an addition of over 10 per cent. to India's population in the decade since 1921, and pointed out that, from an economic standpoint, a steady increase of three millions per annum, three-quarters of whom are directly supported by the land, is likely to raise problems of the first magnitude. Unless rapid and successful efforts are made to increase the agricultural yield of the country, the pressure for subsistence will become increasingly acute. While it is true that the yield per acre of India's staple crops is a very low one, the intense conservatism of the ryot constitutes a serious obstacle to improvement.

Since this was written, the abstract of tables giving the main statistics of the census has been published and it may be considered appropriate to close this chapter with a few vital statistics drawn from the Census Commissioner's most illuminating survey. The total population of India returned at the census is 352,837,778, of whom 289,491,241 reside in British India and 63,346,537 in the Indian States. The number of males is 181,828,923 and females 171,008,855 giving a proportion of 940 females per 1,000 males. The mean density of population per square mile in the whole of India is 195 varying from a maximum of 814 in Cochin State, and in British India of 646 in Bengal, to a minimum of 5 in the

Baluchistan States and 9 in British Baluchistan. Eleven per cent. of the population live in towns. The decade 1921-31 was free from famine, epidemic, earthquake or widespread flood with the result that the improvements in social hygiene, medical services, sanitation and public health organisation have borne full fruit and the natural increase was 10.6 per cent., which is comparable with the decade of 1881-1891, when similar conditions obtained and when the rate of increase was 9.6 per cent.

The subjoined statement gives the chief cities of India and their population. The variations per cent. since 1921 in the case of the nine largest cities are :—

Calcutta (including Howrah and Suburbs)	+11.9
Bombay	− 1.2
Madras	+22.8
Hyderabad	+15.5
Delhi	+44.3
Lahore	+52.5
Rangoon	+17.1
Ahmedabad	+14.5
Bangalore	+29.0

The reduction in Bombay City is noteworthy. It is partly due to the depression in the cotton industry but probably also to failure to complete returns, as the census coincided with the boycott movement. The growth of Lahore as an industrial and residential city is remarkable. Similarly, the development of the new capital at Delhi resulted in a great increase. The expansion of the Cotton industry in Ahmedabad, by contrast with the decline in Bombay, gave an expansion of 14½ per cent. :—

Town.	*Population.*	*Town.*	*Population.*
Calcutta*	1,485,582	Srinagar	173,573
Bombay	1,161,383	Patna	159,690
Madras	647,230	Mandalay	147,932
Hyderabad	466,894	Sholapur	144,654
Delhi	447,442	Jaipur	144,179
Lahore	429,747	Bareilly	144,031
Rangoon	400,415	Trichinopoly	142,843
Ahmedabad	313,789	Dacca	138,518
Bangalore	306,470	Meerut	136,709
Lucknow	274,659	Indore	127,327
Amritsar	264,840	Jubbulpore	124,382
Karachi	263,565	Peshawar	121,866
Poona	250,187	Ajmer	119,524
Cawnpore	243,755	Multan	119,457
Agra	229,764	Rawalpindi	119,284
Nagpur	215,165	Baroda	112,862
Benares	205,315	Moradabad	110,562
Allahabad	183,914	Salem	102,179
Madura	182,018		

* With Suburbs and Howrah.

The above city figures include details for Cantonments (e.g., Lahore City = Municipality + Cantonment), and those for Delhi include Shahdara, New Delhi and Cantonment.

The table with regard to occupation or means of livelihood is most interesting. The proportion of the working population engaged in agriculture is 66.4 per cent. Those engaged in trade number 5.13 per cent., in industries 9.95 per cent. and in transport 1.52 per cent. The report states that " in 1921, the persons employed in mines, plantations and organised industrial establishments having ten or more employees numbered 2,681,125 out of a total of 23,236,099 persons engaged in mines, industry and transport. The total number under these three heads comes to 25,005,280 in 1931 and though no general return has been obtained from industrial establishments employing organised labour, it is believed that the maximum number of organised employees, corresponding to the 2½ million of 1921, cannot exceed 5,000,000 and if the rate of increase be the same as in the previous decade the figure will be about 3,250,000, of which 1,553,169 are employed in establishments governed by the Factories Act." The following are the figures:—

Occupation	Number of workers, i.e., Earners and Working dependants.		
	Persons	Males	Females
INDIA	154,390,612	105,562,494	48,828,118
PASTURE AND AGRICULTURE ...	102,454,147	73,763,185	28,690,962
*Landlords	3,257,391	2,419,817	837,574
Cultivating Owners	27,006,100	22,469,143	4,536,957
Cultivating Tenants	34,173,904	26,896,149	7,277,755
Agricultural Labourers	31,480,219	17,110,466	14,369,753
Others	6,536,533	4,867,610	1,668,923
FISHING AND HUNTING	1,308,292	1,145,817	162,475
MINES, QUARRIES, SALT, ETC. ...	346,000	259,583	86,417
INDUSTRY	15,361,933	10,807,507	4,554,426
Textiles	4,102,132	2,531,407	1,570,725
Dress and Toilet	3,380,824	2,565,594	815,230
Wood	1,631,723	1,289,419	342,304
Food Industries	1,476,995	706,281	770,714
Ceramics	1,025,030	727,759	297,271
Building Industries	618,527	528,344	90,183
Metals	713,070	659,635	53,435
Chemicals, etc.	603,504	400,985	202,519
Hides, Skins, etc.	312,074	265,904	46,170
Other Industries	1,498,054	1,132,179	365,875
TRANSPORT (including Postal, Telegraph & Telephone Services)...	2,341,406	2,099,198	242,208
TRADE	7,913,797	5,785,816	2,127,981
Hotels, Cafés, etc., and other trade in foodstuffs	4,326,737	2,850,904	1,475,833
Trade in Textiles	458,902	411,315	47,587
Banks, Exchange, Insurance, etc.	329,482	292,739	36,743
Other trades	2,798,676	2,230,858	567,818
ARMY AND NAVY	318,036	316,300	1,736
AIR FORCE	1,863	1,838	25
POLICE	521,675	516,415	5,260
PUBLIC ADMINISTRATION	995,284	962,741	32,543
PROFESSIONS AND LIBERAL ARTS...	2,310,141	1,986,260	323,881
Religion	1,026,894	907,163	119,731
Instruction	501,652	443,239	58,413
Medicine	318,581	222,536	96,045
Law	133,089	132,591	498
Others	329,925	280,731	49,194
DOMESTIC SERVICE	10,858,254	2,094,487	8,763,767
ALL OTHERS	9,659,784	5,823,347	3,836,437

* Includes all non-cultivators taking rent in any form, many of whom are intermediate tenure-holders.

In the classification of civil condition and age, almost half the males and a little above one-third of the females are unmarried, 46.7 per cent. of the males and 49.3 per cent. of the females are married, while 5.4 and 15.4 per cent. respectively are widowed. The relative proportions of the population under 15 years, aged 15 to 50, and 50 and over are 39.9, 50.5 and 9.6 per cent.—a striking commentary on the brief average span of Indian life.

The classification as regards literacy shows that the total literate population of India including children is 23,962,279 males and 4,169,036 females. The number, per thousand of the population, aged five and over, who can read and write any language is males 156, females 29, the corresponding proportions (of all ages) in 1921 having been males 122 and females 18, and in 1881 males 81 and females 3. The proportion who are literate in English is males 25 and females 3 per thousand, of 20 years and over only. The total illiterate population in 1931 was 156,243,305 males and 165,384,698 females.

The following statement summaries the population returned under the main religions and the variations since 1921 :—

	Proportion per 1,000 of population.	Percentage of increase or decrease in actual number since 1921.
Hindu	682	+10.4
Muslim	222	+13.0
Buddhist	36	+10.5
Tribal Religions	24	−15.3
Christian	18	+32.5
Others	18	+38.0

The numer of Europeans in India is 168,134 (males 117,336, females 50,798) and of Anglo-Indians, 138,395 (males 71,247, females 67,148). The figures of Europeans show a decrease in India proper of 10,883 since 1921 and of 3,309 since 1901. There has, however, been a rise of 2,986 persons, 1,585 males and 1,401 females, in Burma since 1921. This increase is partly to be attributed to the presence of tourists in greater numbers in 1931.

CHAPTER II

A STUDY OF THE OTTAWA TRADE AGREEMENT FROM THE STANDPOINT OF THE UNITED KINGDOM EXPORTER

The outstanding event of the past year has been the conclusion and ratification of the Ottawa Trade Agreement between representatives of His Majesty's Government in the United Kingdom and an Indian delegation including members of the Indian Legislature and other leaders of Indian political and economic life. This momentous agreement gives effect, for the first time in the history of the trading relations of the two peoples, to the principle of Imperial Preference and thereby inaugurates a new era in Indo-British economic relations which, it is hoped, will strengthen the bonds of mutual interest and will contribute to the material welfare of the two nations.

At the outset, it will be as well to record the past attitude of the Government of India towards the general question of Imperial Preference so that the peculiar difficulties of the situation may be appreciated. The question of the adoption by India of some form of Imperial Preference was examined with great care by the Government of India during the Viceroyalty of Lord Curzon and their conclusions were set forth in their despatch to the Secretary of State dated October 22nd, 1903. It was then found that whereas approximately three-fourths of the total imports into British India came from the British Empire (between 70 and 80 per cent. of which were articles wholly or mainly manufactured) only 47 per cent. of Indian exports were taken by the British Empire in return (including exports to Hongkong and the Straits Settlements which largely represented goods destined for China and Japan) of which only some 30 per cent. were manufactured goods, the remainder including mainly foodstuffs and raw materials. The Government of India concluded that while it would be possible for India to confer substantial advantages on British manufactured goods by the grant of preferences, it was difficult to see what corresponding advantages she would obtain in the case of her foodstuffs and raw products, which are usually admitted free of duty, and for which the possibilities of preference are limited. Moreover, the Government of India then attached great importance to the risk of retaliation by those foreign countries which took the bulk of Indian's exports and whose exports to India would be partially excluded by a system of Imperial Preference.

Since 1903, however, there has been a serious relative decline in the importance of the British Empire in the trade of India. In

1929/30, the last fiscal year before the recent boycott of British goods was inaugurated, the British Empire supplied only 52 per cent. and the United Kingdom 43 per cent. of India's imports, while the Empire, in the same year, took 36 per cent. and the United Kingdom 22 per cent. of India's exports including re-exports. Even as early as 1920 a Committee of the Imperial Legislative Council reported that in view of the world demand for Indian raw materials there was no danger to be feared on the score of retaliation by foreign countries and that " the apprehensions of Lord Curzon's Government in respect of this particular aspect of the question would in present circumstances be unreal."

In 1921, the Indian Fiscal Commission was appointed " to examine with reference to all the interests concerned the Tariff Policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations." After exhaustive enquiries, the Commission summarised their recommendations as follows:—

(*a*) That no general system of Imperial Preference be introduced; but

(*b*) That the question of adopting a policy of preferential duties on a limited number of commodities be referred to the Indian Legislature after preliminary examination of the several cases by the Tariff Board.

(*c*) That, if the above policy be adopted, its application be governed by the following principles:—

- (i) That no preference be granted on any article without the approval of the Legislature.
- (ii) That no preference given should in any way diminish the protection required by Indian industries.
- (iii) That preference do not involve on balance any appreciable economic loss to India.

(*d*) That any preferences which it may be found possible to give to the United Kingdom be granted as a free gift.

(*e*) That in the case of other parts of the Empire preference be granted only by agreements mutually advantageous.

No action was taken by the Government of India on these recommendations as, meanwhile, the political opposition had become so strong that there would not have been any chance of even a modified form of Imperial Preference being approved by the Indian Legislature.

The question of Imperial Preference was raised at each of the Imperial Conferences in 1923, 1926 and 1930, but on all three occasions the representatives of India explained the difficulties which stood in the way of the adoption of a general policy of Imperial Preference and frankly intimated that India was not prepared to introduce such a scheme. It may, therefore, be asked what induced the Government of India in 1932 to appoint a delegation to the Ottawa Conference with the express object of concluding a preferential trading agreement with the United Kingdom. The answer is to be found in the passing by His Majesty's Government in the United Kingdom of the Import Duties Act of 1932, which imposed a 10 per cent. rate of duty on

all commodities not subject to duty under earlier Acts or not included in the Free List appended to the Act, and further empowered His Majesty's Government in the United Kingdom, on the advice of the Import Duties Advisory Committee, to increase the rates of duty above 10 per cent. The Act provided that products of the Dominions and India were exempted from the operation of the new duties up to the 15th November, 1932, but then became subject to them unless before that date an order in Council had been made exempting them for a further period. Products of the non-self-governing Colonies were, however, exempted unconditionally from all duties under the Act. At the time of the introduction of the Bill in Parliament an announcement was made by His Majesty's Government in the United Kingdom that the question of reciprocal tariff arrangements between the United Kingdom on the one hand and the Dominions and India on the other hand would be discussed at the impending Imperial Economic Conference at Ottawa, and that, if satisfactory agreements were concluded, the necessary orders in Council would be made for the continuance of the exemption of their products from duty, but gave no guarantee of the continuance of such exemption in the absence of agreement.

As the Indian delegation state in their report:—

"The Import Duties Act and the announcement of His Majesty's Government created an entirely new situation for India. It was no longer a question of what India stood to gain from the adoption of a general scheme of trade preferences throughout the Empire. The tariffs of the various Dominions already contained provisions for the grant of preferences in some cases to the manufactures of the United Kingdom, and in others to goods originating in any Empire country, the United Kingdom had now fully committed itself to the adoption of a reciprocal policy, and this example might be expected to be followed by similar action in important parts of the Colonial Empire and by the adoption of the principle of reciprocity by Dominions which had hitherto conceded unconditional preference. The issue so long debated whether there should be a general scheme of trade preference within the Empire was now settled and the question which those responsible for India's fiscal interests had to face was whether India was justified in maintaining her former attitude of aloofness, whether in fact she could afford to stand out of an agreement which seemed likely to include most, if not all, Empire countries other than herself. *It was no longer a question of what India stood to gain but of what she stood to lose.*"

The appointment of the Indian delegation to Ottawa was the result of the Government of India's decision that in all the circumstances it was impossible for India to stand aloof and that the possibility of concluding a satisfactory trade agreement must be fully explored. On April 4th, 1932, the Commerce Member announced in the Legislative Assembly that "The Government of India have agreed to send a delegation to the Imperial Economic Conference which will meet at Ottawa in July next. They have been informed that the principal item on the agenda of the conference will be the discussion of a policy of trade agreements between different countries of the Empire and they have been

invited in particular to consider the question whether, having regard to the new tariff policy of His Majesty's Government in the United Kingdom, Great Britain and India should enter into a tariff agreement embodying a reciprocal preferential regime so designed as to benefit the trade of both countries. The Government of India have accepted this invitation and His Excellency the Viceroy has, with the approval of the Secretary of State for India, appointed the following gentlemen to represent India at the Conference.

Leader :—Sir Atul Chatterjee.
Members :—Mr. (now Sir) R. K. Shanmukham Chetty,
Sir Padamji Ginwala,
Seth Haji Abdoola Haroon,
Sahibzada Abdussamad Khan, and
Sir George Rainy.

If the conclusion of a trade agreement is recommended as a result of the Conference, any changes in the tariff which it may involve will be duly placed before the Legislature for its approval. The Government of India have no wish to put any such changes into effect unless the Legislature is satisfied that they are in the interests of India."

The Indian delegation were welcomed in London on May 24th by the Lord President of the Council. Regular negotiations were commenced the following day with a small committee of United Kingdom official advisers presided over by Sir Horace Wilson, G.C.M.G., K.C.B., C.B.E., Chief Industrial Adviser to His Majesty's Government. These conversations were continued in London and at Ottawa and the details, both with regard to the tariff treatment of Indian goods in the United Kingdom and of United Kingdom goods in India were settled by this Committee and subsequently confirmed by the United Kingdom delegation of Cabinet Ministers.

Limitations on the ability of the Government of India to enter unreservedly into any scheme of preferential tariffs. — In order to understand the reasons why it was possible to secure a preferential duty on certain articles of import into India and not on others, it is necessary to appreciate the limitations on the freedom of the Government of India to grant concessions in respect of important classes of goods. These limitations arise from the past history of the country, from the economic conditions prevailing there, from the policy which these conditions render necessary, and from the stage of industrial and constitutional development which India has reached. As the report of the Indian delegation to Ottawa is the only available document which deals with the question, one cannot do better than quote from it :—

" The Indian import tariff is primarily a revenue tariff which imposes a moderate uniform rate of duties on all commodities, subject, however, first to the levy of a much higher duty on particular articles, second to exemption from

duty or admission at low rates of other articles where the national interests require such concessions, and finally to the imposition of protective duties when it is established that the encouragement of these industries is justified in the national interest. The higher rates of duty call for no comment; the exemptions from duty and the low rates fall into one or the other of the following categories :—

(1) Commodities of importance to the cultivator, such as agricultural implements and manures.

(2) Particular medicines such as quinine, the wide distribution of which is important from the point of view of health.

(3) Commodities a duty on which might operate as a tax on knowledge, such as printing machinery and appliances.

(4) Commodities a duty on which might retard a desirable development still in its infancy, such as aircraft and radio appliances.

(5) Commodities a duty on which would impede the development of industries, such as power machinery, raw materials and dyes.

(6) Commodities a duty on which might appreciably increase the cost of railway transport, such as locomotives and many other classes of railway material.

In each case the exceptional treatment of the articles concerned was based on broad grounds of national policy deliberately adopted which, it was held, must outweigh purely revenue considerations.

It appeared that the limits within which the grant of preferences might be considered were for the most part fixed by the principles of India's tariff policy outlined above. The classes of article subject to the ordinary rate of duty, or to higher rates, presented no special difficulties, but it was quite otherwise with the commodities on the Free List, and those subject to specially low rates. Here any material departure from the accepted policy could be justified, if at all, only on entirely exceptional grounds. Moreover, in some cases the articles which at present pay a low rate would normally be free of duty and have been taxed only on account of overriding financial exigencies. The protective duties also stood in a class apart. The instructions we received from the Government of India precluded the acceptance of any proposal which would have the effect of impairing the protection afforded to an Indian industry by an Act of the Indian Legislature. Two of these Acts, it is true, provide for the imposition of lower rates of duty on cotton piece-goods and on certain classes of iron and steel made in the United Kingdom than on similar goods made elsewhere. But the duties on iron and steel were fixed after a full investigation by the Tariff Board and will come under review in the statutory enquiry of 1933, while the duties on cotton piece-goods had already been referred to the Board before our negotiations commenced. In both cases the lower rates of duty on British goods were adopted not in the interests of the United Kingdom but in the interests of India and in pursuance of the policy of Discriminating Protection. These rates of duty could not, we were satisfied, become the subject of bargaining between ourselves and the British Delegation, and any modification in them must, we felt, be postponed until the Government of India had before them the considered recommendations of the Tariff Board.

The field within which the grant of preferences could be considered was therefore, we held, limited to the classes of commodities which are subject to the ordinary or to a higher rate, with the addition, however, of those classes of iron and steel which being excluded from the protective scheme have continued to be dutiable under Part IV of Schedule II of the Indian Tariff Act. Before the policy of Discriminating Protection was adopted, most classes of iron and steel were subject to duties somewhat below the ordinary rate. In 1924, however, all the more important classes became subject to protective duties, and since that date the special treatment of the residuum which remained in Part IV has ceased to be a matter of real importance. Within the

field indicated, we felt that in considering the amount of any preference which would be granted due regard must be had to the importance of the Customs head as a source of Central Revenues and the desirability of keeping the ordinary rate of duty within moderate limits. A high rate of preference might necessitate the permanent retention of the duties at an undesirably high level if the necessary revenue was to be obtained."

The above extract will explain the reasons why it was not possible to obtain at the present time preferential duties on such important items in the United Kingdom's export trade to India as machinery, railway material, fertilisers and dyestuffs.

The Ottawa Trade Agreement.—The Agreement was signed at Ottawa on August 20th, 1932. It will be convenient to analyse the Agreement* according to the main groups of United Kingdom export trades which are affected:—

Cotton and Artificial Silk Textiles.—In view of the fact that the Indian Tariff Board, at the time of the Conference, were engaged on an inquiry into the claim for protection of the Indian cotton industry, the Indian delegation felt that it would not be right to commit the Government of India until the Tariff Board Report had been considered. In Article 11 of the Agreement, however, they stated definitely that " the Government of India will consider, in the light of the findings of the Tariff Board, the protective duties to be imposed on goods of cotton and artificial silk according as they are made in the United Kingdom or elsewhere and will invite the Legislature to pass legislation, by which where protective duties are not imposed as a result of the recommendations of the Tariff Board upon United Kingdom goods of the kinds specified in Schedule G, the margins of preference shown in that Schedule will be extended to such goods."

Schedule G includes miscellaneous manufactures and made-up goods containing cotton, silk and artificial silk, the duties on which would require to be adjusted in relation to any decision which the Government of India may make, as a result of the Tariff Board enquiry, as to the duties to be imposed on cotton and artificial silk piecegoods. At the time of writing (June, 1933) no decision has yet been made concerning these textile items but it is anticipated that a Bill will be introduced in the Indian Legislative Assembly in September, 1933.

Iron and Steel.—In this case also, the duties on iron and steel which were fixed after a full investigation by the Tariff Board, will come under review in the statutory enquiry by the Board, which will be made in 1933. In the existing tariff, lower rates of duty are levied on certain classifications of United Kingdom iron and steel—not in the interests of the United Kingdom but in the interests of India and in pursuance of the policy of discriminating

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* The text of the Agreement will be found in the Summary of Proceedings of the Imperial Economic Conference at Ottawa, 1932 [Cmd. 4174] (Price 1*s*. 6*d*. net.).

protection. The Indian delegation held that these rates of duty could not become the subject of bargaining with the United Kingdom delegation and that any modification of them must be postponed until the Government of India had before them the considered recommendations of the Tariff Board. It was possible, however, to grant a 10 per cent. preferential duty on all unprotected items of iron and steel which are subject to duty under Nos. 60, 61, 62 and 97 of Schedule II of the Indian Tariff Act. These include such important items as iron or steel pipes and tubes, hoops and strips, practically all high speed and tool steels and other Sheffield specialities, fencing wire, etc., etc. The standard rate of duty on these items is now 20 per cent. and the preferential rate of duty on imports of British manufacture is 10 per cent.

Supplementary Agreement Regarding Galvanised Sheets.— The anxiety of India to safeguard a substantial and growing market in the United Kingdom for sheet bars and billets manufactured by the Tata Iron and Steel Co., Ltd., the surplus capacity of which is estimated to be about 200,000 tons per annum, induced the Indian delegation to offer, in return for a continuance of the free entry of Indian sheet bar and billets into the United Kingdom, special concessions on galvanised sheets of United Kingdom manufacture entering India. By Article I of the Ottawa Agreement, His Majesty's Government in the United Kingdom undertook to continue after the 15th November, 1932, free entry to all classes of goods covered by the Import Duties Act. It was clearly understood, however, that the continuance of the free entry of Indian iron and steel for a longer period than six months from the date of the Agreement was dependent on the settlement of satisfactory conditions in regard to the tariff treatment of galvanised sheet on importation into India. After negotiations between representatives of the United Kingdom sheet industry and the Tata Iron and Steel Co., Ltd., the following supplementary agreement was concluded between the two Governments by an exchange of letters dated the 22nd September, 1932 :—

(1) On the basis of present selling prices, the duties on galvanised sheet in the Indian tariff to be adjusted as follows :—

Rs.30 per ton on sheet made in the United Kingdom from Indian sheet bar.

Rs.53 per ton on sheet made in the United Kingdom from other sheet bar.

Rs.83 per ton on sheet not made in the United Kingdom.

(2) In the event of further reductions in the price of sheet imported into India and not made in the United Kingdom, the Government of India, as soon as they are satisfied that a fall in prices had in fact occurred, would, without an enquiry by the Tariff Board, take prompt and effective action to meet the situation by the imposition of an additional duty. The amount of the additional duty would not necessarily be limited to the amount of the price reduction actually made but would be sufficient to make clear the intention of the Government of India to maintain prices.

(3) Each Government would remain at liberty to take appropriate measures to prevent sales at unfair prices by the manufacturers in the other country or

to check an unnecessary increase in prices against the consumer by a combination of manufacturers in both countries.

(4) These arrangements to remain in force until action is taken by the Government of India following the next statutory Tariff enquiry in India into the Iron and Steel industry.

This supplementary agreement will remain in force until the 31st March, 1934, when the duties on galvanised sheet will be displaced by such duties as may be fixed after enquiry by the Tariff Board. Meanwhile an agreement has been reached between the Tata Iron and Steel Co., Ltd., and the United Kingdom sheet industry whereby the Oriental Steel Co. of London allocate the distribution of Indian sheet bars among the United Kingdom sheet rollers. The bar remains the property of the Tata Company and the sheets made from it are reconsigned to India for disposal by them in quantities and for markets which are fixed by agreement between the two parties. The preferential rates of duty are allowed by the Indian Customs Authorities against certificates, countersigned by the Indian Trade Commissioner in London, to the effect that the sheets have been rolled in the United Kingdom from sheet bar either (1) made in India or (2) not made in India, as the case may be.

This agreement is a first example of the value of Imperial Industrial Co-operation as applied to the United Kingdom and Indian steel industries. It is to be hoped that working arrangements may in future be entered into with regard to other iron and steel products. As I have repeatedly stated, the Indian market offers adequate scope for the full activities of both industries if only mutually satisfactory arrangements can be made for the adjustment of rolling programmes, the zoning of markets, etc.

Trades Subject to the 10 *per cent. Preference.*—Schedule F of the Agreement is a list of those articles which, if they are the produce or manufacture of the United Kingdom, enjoy a preference of 10 per cent. They include some of the trades where the most severe foreign competition is experienced by United Kingdom manufacturers and where a preference is of special value. The list includes for example, a wide range of chemicals, hardware and cutlery, instruments and apparatus, non-ferrous metals, rubber manufactures (including tyres), woollen manufactures, paints and painters' materials, certain items of paper and stationery, building and engineering materials, drugs and medicines, lubricating oils, beer, canned and bottled provisions, condensed and preserved milk, toilet soaps and toilet requisites, brushes, leather boots and shoes, arms and ammunition, earthenware and porcelain, leather manufactures, toys and requisites for games and sports, pedal bicycles and parts thereof and accessories, etc.

Trades Subject to the 7½ per cent. Preference.—These are also included in Schedule F and comprise motor cars (including taxi-cabs), motor omnibuses, vans and lorries and parts and accessories therefor (excluding rubber tyres, which enjoy a 10 per cent. preference).

In 1929/30 the imports from the United Kingdom into India of goods of the classes specified in Schedule F were valued as follows (the figures are abstracted from the report of the Indian delegation):—

	Value (£1,000)
Food and drink	1,398
Oils	229
Building and Engineering materials	461
Chemicals (unprotected)	936
Drugs and medicines	583
Hardware and cutlery	1,321
Instruments, apparatus and appliances	1,385
Iron and steel (unprotected)	1,761
Other metals	934
Paints and painters' materials	518
Paper and stationery (unprotected)	713
Rubber manufactures	834
Wool and woollen manufactures	945
Vehicles other than motor vehicles	763
Motor vehicles	1,097
Miscellaneous manufactures	1,726
Certain items under the headings of machinery and electric wires and cables ... say	750
Total	£16,354

In the same year the imports into India from the United Kingdom of items specified in Schedule G were valued as follows:—

	Value (£1,000)
Apparel	422
Haberdashery and millinery	191
Cotton goods in Schedule G	386
Silk and artificial silk	71
Total	£1,070

A grand total of £17,424,000.

A more practical criterion of the value of the preferential duties to the United Kingdom exporter may be obtained by taking the statistics of the imports into India from foreign sources of the goods covered by the preferences. Adopting 1929/30, which was the last normal year prior to the slump and the political agitation, as a basis, I estimate that the value of the imports into India from foreign sources of the goods included in Schedules F and G and in the supplementary steel sheet agreement amounted roundly to £25,000,000. This, therefore, is the trade into which we may now encroach with varying rates of preference—mostly 10 per cent.—in our favour.

Reception of the Ottawa Agreement in India.—When the bill to give effect to the provisions of the Ottawa Agreement was introduced in the Indian Legislative Assembly in October, 1932, it was met with a certain spirit of suspicion and mistrust. The Government of India promptly appointed a strong, representative special committee of the House to scrutinise the Agreement and to report whether, after careful and detailed examination of the agreement and the Schedules, they were prepared to recommend its acceptance to the Legislature. The report of this special committee is illuminating as it reveals the intensity of protectionist feeling among Indian politicians. Referring to the preferences to be given to the United Kingdom, the Committee state:—

"The exclusion of all India's protected industries from the scope of preference is a noteworthy and desirable feature of the Agreement. The Delegation point out, in paragraph 39 of their Report, that "commodities which are the product of a protected industry but are not subject to protective duties at present (and this applies to other protected industries besides cotton and iron and steel) are not excluded from the preference, but if at any time it is desired to bring new commodities within the protective scheme, it will be open to the Government of India to give notice under Article 14 of a variation in the Agreement and in this way to bring about the desired result." We understand that the same principle will apply to industries which are not at present protected but which may hereafter be given protection. The result desired can, in their case also, be achieved by means of the provision made in Article 14 of the Agreement and though, under the precedure prescribed in that Article, a long period of time, up to a maximum of one year, must elapse before any change can be made in the *margin* of preference given by India to the United Kingdom under the Agreement, this delay does not prevent the grant with immediate effect of protection to an Indian industry not at present enjoying it, for the Government of India are left free by the Agreement to impose at any time upon imports from the United Kingdom such rates of duty as they may require so long as the guaranteed margin of preference is not diminished. We consider it essential that the operation of the Agreement should not in any way prejudice the policy of discriminating protection which India has adopted for the development of her industries.

On a careful consideration of the import Schedule we find that articles of the same kind as certain of those included in the preferential list are also produced by Indian industries which, though not protected by an Act of the Legislature, have been started or developed behind the shelter of the revenue tariff and which may be detrimentally affected by any lowering of the existing rate of duty on imports from the United Kingdom. It is true that the normal revenue rate of duty in the Indian tariff is 15 per cent. *ad valorem* and that its present level of 25 per cent. is the result of two successive surcharges imposed during the last year as a temporary measure to meet an emergency. Nevertheless we consider that when the tariff Bill required to give effect to the Agreement is referred to a Select Committee, the position of such Indian industries as appear to need special consideration should be carefully examined, and if a "prima facie" case for such treatment is satisfactorily established, the existing rate of duty on the articles which they produce, including the revenue surcharges imposed in 1931, should be retained as the lower preferential rate so long as the surcharges or any portion of them remain. In saying this, however, we do not wish to be understood as in any way supporting the continuance of the existing level of the general tariff any longer than is absolutely necessary for revenue purposes. In our opinion the general level of the tariff after the imposition of surcharges by the Finance Acts of 1931 should in the interests of the country generally be reduced as soon as the financial situation permits."

The Committee recommended that the Government of India should prepare an annual report reviewing the effect on India's export and import trade of the preferences given in the Agreement and that there should be included in the report a statement of the Indian industries, if any, which have made representations to the Government of India in regard to the effect upon them of the import preferences and a statement of the action taken by the Government of India on such representations.

They also recommended that a Committee, consisting of not more than fifteen members, be appointed by the Legislative Assembly to consider the report referred to above, to examine in the light of the information furnished by it and, if necessary, with the assistance of representatives of the interests concerned, the effect which the preferences contained in the Agreement have had upon the agricultural and other industries and on the export and import trade of India, and to report to the Assembly.

The Committee further recommended that on the expiry of three years from the date on which the preferences given by the Agreement become operative, the Government of India should place before the Legislative Assembly a detailed report on the course of the import and export trade in the commodities covered by the preferential rates of duty, and that they should undertake to give the notice of denunciation required by Article 14 of the Agreement if the Legislative Assembly, after considering the report, is satisfied that the continuance of the Agreement is not in the interests of India. The Committee added that the Government of India's right to give notice at any time of denunciation of the Agreement is not affected by this recommendation. Finally, the Committee recorded that :—

> "So far as we are able to judge, it is definitely to India's interests to accept the Agreement. The only certain test is experience of the actual results over an adequate period of time, and we believe that, if the recommendations which we have made to that end are carried into effect, the Government of India and the Legislature will be provided with the material necessary to enable that test to be applied."

On the 6th December, 1932, the Indian Legislative Assembly passed by 77 votes to 25 the following resolution :—

> "That this Assembly, accepting the Trade Agreement made by the Government of India with His Majesty's Government in the United Kingdom, which was signed at Ottawa on the 20th August, 1932, and the Supplementary Agreement regarding iron and steel contained in the correspondence between Sir George Rainy and Sir Horace Wilson, dated the 22nd September, 1932, and approving the report of the Committee set up by this Assembly on the 10th November, recommends to the Governor General in Council that he do introduce in the Indian Legislature at the earliest possible moment such legislative measures as may be necessary to give effect to the Agreements in question and further that he do give effect to the recommendations of the said Committee."

The Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932.—The Bill was referred to a Select Committee of the House, which made certain amendments, the principal of which were:—

(*a*) in the case of unexposed cinematograph films, the preference to be given wholly by a reduction in the duty, the standard rate to be 25 per cent. *ad valorem* and the preferential rate 15 per cent. *ad valorem.*

(*b*) in the case of toilet soap, as a result of representations from the Indian soap making industry, the preference was given by retaining the existing rate of 25 per cent. on United Kingdom goods and raising to 35 per cent. the duty on foreign goods.

(*c*) as a protective measure to the Indian woollen industry the preference on woollen goods was given by increasing the existing duty by 10 per cent. against foreign goods, the standard rate becoming 35 per cent. and the preferential rate 25 per cent.

(*d*) in order to protect the consumers of a commodity essential for industrial purposes, the rates of duty on lubricating oils were reduced to 2½ annas per gallon for the standard rate and ½ anna per gallon for the preferential rate.

(*e*) similarly, in view of the importance of motor vehicles to the developmen of road transport, the preference was given by reducing the existing duty, the standard rate remaining at 25 per cent. and the preferential rate of 17½ per cent.

(*f*) in order to prevent a rise of the price of asphalt, which is a necessary article in road construction, the standard rate was maintained at 25 per cent. and the preferential rate fixed at 15 per cent.

The Bill was passed on the 15th December, 1932, without a division. It received the assent of the Governor-General on the 23rd December, 1932, and the revised duties came into force on the 1st January, 1933. The Act,* with its accompanying Schedules is too long to be included in this report, but it may be referred to at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1, to which address all enquiries relating to the actual rates of duty, both standard and preferential, now in force, should be forwarded.

The Ottawa Trade Agreement Rules, 1932.—By Notification No. 780-T (11) of the 24th December, 1932, the Commerce Department of the Government of India promulgated rules applying to goods consigned from the following countries (a) the United Kingdom of Great Britain and Northern Ireland and (b) the Colonies, British Protectorates and territories under the British Mandate specified in the first Schedule of the Act. In these rules it is defined that:—

(*a*) The " Act " means the Indian Tariff Act, 1894.

(*b*) The " United Kingdom " means the United Kingdom of Great Britain and Northern Ireland.

(*c*) " British Colony " means any country specified in the First Schedule.

(*d*) " Expenditure on material " means the cost to the manufacturer of the material at the factory or works, including containers but excluding Royalties; and

*The text of the Act was published in the Board of Trade Journal of the 22nd December, 1932.

(*e*) " Factory or Works Cost " means the cost of production to the manufacturer at the factory or works and shall include the value of containers and other forms of interior packing ordinarily sold with the article when it is sold retail, but shall not include the manufacturer's or exporter's profit or the cost of exterior packing, carriage to port and other charges incidental to the export of the article subsequent to its manufacture.

The most important of these Rules* which are too long to be quoted *in extenso*, but which can be consulted at the Department of Overseas Trade, is Rule 4, which lays down the conditions for admission into India at preferential rates. It reads as follows:—

" No article shall be deemed to be the produce or manufacture of any country to which these Rules apply unless the Customs Collector is satisfied that it has been consigned from such country, and—

(*a*) where the article is unmanufactured, that it has been grown or produced in such country, and

(*b*) where the article is manufactured—

  (i) that it has been wholly manufactured in such country from material produced in such country, or

  (ii) that it has been wholly manufactured in such country from unmanufactured materials, or

  (iii) that it has been partially manufactured in such country and the final process of manufacture has been performed in such country and that the expenditure on material produced and labour performed in such country in the manufacture of the article is not less than one-quarter of the factory or works cost of the article in its finished state:

provided that where the goods were consigned from a British Colony the material produced and labour performed in any other British Colony may be reckoned as though it were material produced or labour performed in the Colony from which the goods are consigned."

The remaining rules relate to Custom House precedure for goods entered for home consumption and for warehousing. Appended to the rules are schedules giving a list of British Colonies concerned and also specimen forms of certificates of value and origin for admission at the preferential rate of duty of articles under the Act. The most important from the United Kingdom exporter's standpoint is Form " A," which is the form of combined certificate of value and origin to be written, typed or printed on invoices of goods for which entry into India is claimed at preferential rates of duty. These certificates must be signed by the authorised representative of the manufacturer or supplier of the goods enumerated in the invoice. During the first few months of the operation of the Act, an unduly high proportion of these certificates have been carelessly completed by United Kingdom exporters. The Indian Customs Authorities have been acting leniently in the matter, but will, in future, insist upon strict adherence to the terms of the certificate.

*The text of the Rules was published in the Board of Trade Journal of the 26th January, 1933.

Advantages to the United Kingdom Exporter of the Ottawa Trade Agreement.—It is not possible at this early stage to make any close evaluation of the tariff concessions allowed on United Kingdom goods entering the Indian market. In the first place the future of the protective duties (dealt with in Article 11 of the Agreement) on British and foreign cotton and artificial silk goods has not yet been determined. It has already been observed that, taking Schedules F. and G. and the supplementary agreement relating to galvanised sheets there is a foreign trade, amounting in value in 1929/30 to £25,000,000, into which we may now encroach with varying preferential rates of duty—mostly 10 per cent. *ad valorem*—in our favour. The extent to which United Kingdom exporters may hope to divert that trade depends upon such a variety of factors, impossible of precise appraisement, that it is not practicable even to hazard a guess at the percentage which we may hope to secure. In the first place, during periods of acute depression and restricted purchasing power such as the present time, the Indian market practises the substitution of the cheapest articles, which are frequently of inferior quality. This operates most severely against the United Kingdom and in favour of Continental and Japanese Manufacturers. In times of prosperity and active trade, purchasers revert to United Kingdom goods on account of their reputation for quality. When these times recur in India the preferential duties should enable us to secure a considerable additional share of the bazaar trade. Secondly, the depreciation of sterling gives us an abnormal advantage in competing with nations still on the gold standard. The effects are most noticeable at the present time in the heavily reduced imports from the United States. This, however, is a factor which cannot be expected to last. Already, the depreciation of the dollar is creating renewed activity on the part of United States competitors. Similarly, the depreciation of the yen is giving Japanese exporters an advantage in world markets which would offset any reasonable preferential duty. Until, therefore, there is some stabilisation of the world's currencies and media of exchange, it is impossible to estimate the effect of a relatively low preferential margin of 10 per cent. Lastly, and perhaps most important of all, the success which is likely to accrue to the United Kingdom exporter will largely depend upon the energy and imaginative forethought with which he follows up the fiscal advantages which have been obtained for him.

The outstanding advantage of the Ottawa Trade Agreement is the acceptance by India of the principle of Imperial Preference and her realisation that it is to her material interest to take her part in the economic *bloc* of the British Commonwealth of Nations. As the Finance Member stated during the debate in the Indian Assembly :—

" the real issue in the matter is this—is India to join the economic group of the British Commonwealth of Nations or is India to cut herself adrift

and stand alone for all time. I do not believe that there is any Honourable Member in this House who, if he himself sat here and had to carry on his shoulders the responsibility of answering that question, could possibly answer it in any other way than that in which we and our delegates have done."

Whatever may be the captious spirit of certain Indian politicians, as disclosed in the reports of the select committees and the debates in the Assembly, there is no doubt whatsoever that the conclusion of the Ottawa Agreement has resulted in a great improvement in feeling in Indian business circles and has put heart into thousands of loyal bazaar dealers, who had begun to lose faith in the competitive power of United Kingdom goods. Ever since the beginning of the last political agitation and boycott campaign in April, 1930, these sorely harassed traders have had to face not only heavy material losses but also calumny, abuse and social persecution. To the improvement during the past year in political and racial feeling is now added the opportunity of carrying on their lawful avocations on a profitable basis and with a fiscal advantage vis-à-vis their competitors who deal in foreign goods. An authoritative observer who has spent his whole life in business in India recently stated that he found a much more optimistic feeling with regard to the future of United Kingdom trade among his Indian friends and dealers than was noticeable among Europeans in India or even in the United Kingdom.

Quite apart, however, from the benefits accruing from a general revival of confidence in the competitive power of United Kingdom industry, a close analysis of the Schedules shows that the preferences are of considerable practical value. They apply in precisely those trades where foreign competition has been most keen and where a stimulus is required. In the case of hardware, the margin of 10 per cent. should divert a considerable amount of the trade in higher-grade goods from the United States and Sweden to United Kingdom sources, while in the cheaper classes of products it should have some effect against German and Austrian competition. In the comprehensive trade in instruments, appliances and apparatus, the preference should result in an improvement of the United Kingdom position vis-à-vis Continental suppliers and the United States, particularly in electrical instruments and in photographic, musical, surgical, wireless and scientific instruments of all kinds. Bradford shippers should derive material advantage from the 10 per cent. preference on all woollen goods when competing with France, Italy, Germany and Belgium. United Kingdom exporters of yellow metal and copper sheets, aluminium, German silver and other non-ferrous metals will now be able to meet Continental competition with greater facility. As regards motor vehicles and rubber goods (including tyres), our manufacturers enjoy, at the moment, an ephemeral exchange advantage against their United States competitors. The 7½ per cent. preference in the case of motor vehicles and 10 per cent. in the case

of rubber manufactures should be a valuable aid even when the exchange advantage disappears. The preferential margin will help us to meet German and Japanese competition in the valuable cycle trade, it will assist the new United Kingdom canning industry against the United States in canned and bottled provisions, and should strengthen our hold vis-à-vis the Continent in paints, the Continent and the United States in toilet soap, Germany in drugs, Czechoslovakia in leather boots and shoes, Germany and Holland in beer, the United States and the Continent in lubricating oils, the Continent in toys, requisites for games and sports, and certain manufactures of paper and the United States and the Continent in toilet requisites.

The advantage of 10 per cent. on an extended range of chemicals and chemical preparations should be a valuable adjunct to the efforts of the highly efficient United Kingdom chemical group in their severe competition with the German combine and will, it is hoped, help to check the imports of Russian alkali products. Similarly, the preferential margin of 10 per cent. on certain unprotected items of iron and steel will strengthen the hold of Sheffield firms on the trade in high speed, spring and tool steels and will materially assist United Kingdom manufacturers of pipes and tubes, hoops and strips, certain railway track materials, certain types of bars, rods and plates, fencing wire and wire rope, etc. Where International Cartels control the national quotas in certain articles, the preference has already been found to be of valuable assistance in enabling the United Kingdom group to demand an increased share of the Indian market. United Kingdom exporters will find more specific particulars under each item of import in the analysis of the import trade in Chapter V.

The Ottawa Trade Agreement will, it is confidently expected, inaugurate a new era of closer and more profitable trading relationships between the United Kingdom and India. While the initial steps have been taken by representatives of the two Governments, the success of the movement must depend upon the extent to which the fiscal advantages are followed up by energetic action on the part of the United Kingdom and Indian manufacturers and merchants. The present time, when trade is at its nadir and it would seem that we are on the eve of a gradual recovery, is a peculiarly favourable one for United Kingdom exporters to take stock of their position in the Indian market and make their plans for improved local selling and distributing organisations, taking into account the rapidly changing conditions in the country which demand more modern and improved methods than have often been employed in the past. Adequate representation on the spot is essential. The days when the United Kingdom manufacturer could rely entirely upon the receipt of orders in the United Kingdom without further effort on his part have gone for ever. In the numerous cases where he operates his own branch distributing organisation in India, he will, doubtless, strengthen and

extend it to cover a wider field. In those instances where he is represented in India by agents, he should confer with them as to the further steps which should be taken to ensure that his goods are adequately stocked, advertised, canvassed and sold. He must realise that the average merchant in India cannot afford adequately to distribute goods throughout his area on a bare agency commission unless he is supported by travelling and advertising allowances and, preferably, in the case of goods of a technical nature, by the addition to his staff of a specialist from the works. Unless the manufacturer is prepared to take an active interest in the further distribution of the goods after they have been shipped and constantly to keep in sympathetic touch with the activities of his agent, he cannot rely upon the distribution of his products in the most efficient manner. Similarly, in those cases where a cold-weather traveller is employed, the manufacturer should endeavour to ensure that the ground is adequately covered and that he is giving his representative adequate support as regards samples, descriptive literature, advertising material and allowances. In very few cases is it possible to conduct a satisfactory business by correspondence alone without some form of local representation. India is a highly specialised and intricate market with many pitfalls for the unwary. It consequently requires more sales planning and specialised local representation than most markets. It is suggested, therefore, that exporters who may be entering the market without previous experience should consult the Department of Overseas Trade who will be glad to advise with regard to conditions obtaining in India and suitable forms of representation.

Just as the past ten years have witnessed almost a revolution in political thought and institutions in India, so have economic conditions and methods of transacting business shown a remarkable change in keeping with the World's progress. The market now demands as efficient and widespread technical, publicity, sales and service systems as any Western country. When one considers that the difficulties peculiar to the country, e.g., its enormous area and comparative slowness of transport, the risks attending the grant of credit, the paucity of statistics and the difficulty of securing accurate information relating to internal trade, etc., still remain, it will be realised that considerable forethought and expert advice is required in devising a marketing scheme which will meet present day Indian conditions. The Ottawa Agreement has prepared the way for a great advance in United Kingdom—Indian trading relations. It now rests with individual United Kingdom and Indian exporters to take the fullest advantage of the opportunities offered for the mutual benefit of the two countries.

CHAPTER III

AN ACCOUNT OF THE FURTHER DEVELOPMENT OF PURCHASES OF GOVERNMENT STORES IN INDIA BY THE INDIAN STORES DEPARTMENT, THE RAILWAY ADMINISTRATIONS AND OTHER DEPARTMENTS OF THE GOVERNMENT OF INDIA

The rupee tender system came into force on the 1st January, 1931, and is now working smoothly and satisfactorily. It has resulted in a considerable diminution in the contracts placed by the India Store Department, London, and a corresponding increase in the purchases made by the Indian Stores Department, Delhi/Simla. This transfer of purchasing from London to India would have been still more marked but for the general curtailment of demands due to financial stringency. The following comparative statement of the purchases made by the London and Indian Stores Departments clearly shows the changed position :—

(The figures are in thousands of rupees).

	Textiles and Leather stores		Engineering, Hardware & Miscellaneous stores		Other classes of stores (a)		Total	
	London Stores Department	Indian Stores Department	London Stores Department	Indian Stores Department	London Stores Department	Indian Stores Department	London Stores Department	Indian Stores Department
1. Central Departments.—ARMY.								
1929-30	3,567	4,492	23,310	7,400	3,576	—	30,453	11,892
1930-31	3,640	3,494	16,028	7,034	5,719	—	25,387	10,528
1931-32	978	6,968	6,723	6,855	2,828	—	10,529	13,823
2. Central Departments.—CIVIL.								
1929-30	63	1,402	1,208	5,417	3,180	—	4,451	6,819
1930-31	18	1,205	976	6,020	2,310	—	3,304	7,225
1931-32	7	816	787	3,007	1,252	—	2,046	3,823
3. Railways—								
1929-30	20	4,117	24,253	10,929	380	—	24,653	15,046
1930-31	37	3,824	13,147	8,974	127	—	13,311	12,798
1931-32	4	1,692	307	10,922	2	—	313	12,614
4. Provincial Governments.—								
1929-30	140	1,319	16,186	6,123	1,366	—	17,692	7,442
1930-31	72	1,311	4,183	4,938	1,193	—	5,448	6,249
1931-32	98	1,138	7,720	4,224	858	—	8,676	5,362
5. Indian States, Foreign Governments and Quasi-Public Bodies.—								
1929-30	—	6	—	1,721	—	—	—	1,727
1930-31	—	3	—	880	—	—	—	883
1931-32	—	1	—	377	—	—	—	378
Total—								
1929-30	3,790	11,336	64,957	31,590	8,502	—	77,249	42,926
1930-31	3,767	9,837	34,334	27,846	9,349	—	47,450	37,683
1931-32	1,087	10,615	15,537	25,385	4,940	—	21,564	36,000

N.B.—The figures of the India Store Department, London, have been converted at the rate of 1s. 6d. = Re 1/-

(a) Stores not dealt with by the Indian Stores Department, e.g., Medical stores, munitions, stationery & printing, stamps, currency, foodstuffs, etc.

The Indian Stores Department in 1932-33.—I am indebted to Sir James Pitkeathly, Kt., C.M.G., C.I.E., etc., etc., Chief Controller of Stores, for the following information, which has been abstracted from his administration report for the year. This and preceding reports may be seen at the Department of Overseas Trade and should be read by all firms interested in the supply of stores to the Government of India. The Chief Controller reviews the progress made during the year in the following terms:—

"There was no improvement during 1932-33 in the acute and widespread trade depression which prevailed during the previous year. As a consequence this report on the working of the Indian Stores Department has of necessity to record a still further all-round contraction in the value of business transacted, a direct consequence of the curtailment of activities of spending departments imposed by prevailing conditions and aggravated by a further drop in commodity prices. The number of orders placed during the year increased from 34,928 to 44,045, but their value decreased from Rs.3,60,00,006 to Rs.3,30,90,903. The value and tonnage of stores inspected during the year amounted to Rs.3,54,07,609 and tons 156,203 as against Rs.4,84,21,867 and tons 310,504 during the year 1931-32. The number of tests and analyses carried out at the laboratories of the Government Test House, Alipore, and the Metallurgical Inspectorate, Jamshedpur, amounted to 11,512 as compared with 14,401 during the preceding year. The large reduction in the value and tonnage of stores inspected was caused by a heavy decline in the orders placed by other Departments, the inspection of which is entrusted to the Indian Stores Department. This branch of the Department is mainly maintained to meet the requirements of the Railway Administrations. The Railway Board's demand for rails and fishplates, which are manufactured by the Tata Iron and Steel Co., Ltd., and inspected by the Metallurgical Inspector, declined from 120,000 tons in 1929-30 to 35,998 tons in 1932-33 and similarly the value of bridge work, structural steel and other supplies inspected on behalf of various Railways declined from Rs.4,05,05,822 to Rs.91,15,933 only. Consequently the total amount of stores inspected by the Department which amounted to Rs.7,47,99,137 and tons 343,109 during the year 1929-30 have been reduced, by the financial depression of the last three years, to less than half of these figures."

Activities of the Purchase Branch.—The total value of orders placed by the Department during the year amounted to Rs.3,30,90,903 as compared with Rs.3,60,00,006 during 1931-32; that is to say, there was a decline of 8.1 per cent. or Rs.29,09,103. On the other hand the volume of work increased as measured by the number of indents received and contracts placed. The number of indents received during 1931-32 was 28,259 (comprising 61,657 items), whereas 38,720 indents (comprising 77,288 items) were received during 1932-33. During 1931-32, 34,928 contracts were placed, whereas during 1932-33 the figure increased to 44,045. As already indicated, the decrease in value was due partly to the fact that stores were demanded in smaller quantities as compared with previous years, and partly to the continued drop in market prices.

Purchases on Behalf of the Civil Departments of the Central Government.—The value of demands received from Civil Departments of the Central Government increased by Rs.2,07,667 as compared with that of the preceding year. Demands for plant

and machinery and other stores amounting in value to Rs.9,00,000 were received from the Administrative Officer, Vizagapatam Harbour. There was an increase in the value of stores ordered for the Salt Department of Rs.1,37,000. Small increases in the value of stores ordered have also to be recorded for certain other Civil Departments. The largest decrease has to be shown against the value of orders received from the Posts and Telegraphs Department. It amounts to Rs.7,24,000. The value of textile stores purchased for this Department increased by Rs.3,47,000 but the value of engineering stores declined by Rs.10,71,000. Purchases on behalf of the Central Public Works Department were less in value by Rs.67,000 and small decreases are disclosed in the transactions undertaken for certain other Departments.

It will be observed that the fluctuations as between 1931-32 and 1932-33 are not so great as the comparisons recorded in previous reports. The volume of demands generally has been greatly restricted and there has therefore been smaller scope for variations.

Purchases on Behalf of the Military Department.—The Purchase Co-ordinating Committee referred to in previous Reports continued to meet during the year. The question of entrusting to the Indian Stores Department the purchase of certain classes of stores which is at present being carried out by the purchasing agency of the Army was referred to by the Stores, Printing and Stationery Sub-Committee of the Retrenchment Advisory Committee in its Report which is under consideration by the Government of India. The total purchases made during the year on behalf of the Army amounted to Rs.90,69,000 against Rs. 1,38,23,000 in the previous year. In other words there was a notable decrease of Rs. 47,54,000 or 34.4 per cent. The textile stores purchased declined in value by Rs.26,70,000 and engineering stores were less in value by Rs.20,84,000. These remarkable reductions are due to the rigid economy in expenditure which is being observed. Textile stores have been ordered in much smaller quantities. The purchase through the Department of Mechanical Transport vehicles and equipment declined by Rs.15,93,000, and owing to the curtailment of works programme the value of stores purchased for the Military Engineer Services fell by Rs.5,55,000.

Purchases on behalf of Railway Administrations.—Meetings with the Railway Department (Railway Board) were continued throughout the year and as a result the following items were added to the list of requirements of State Railway Administrations, the purchase and inspection of which for the future will be entrusted to the Indian Stores Department:—

Engineering plant.—

Boilers, non-locomotive, and tubes for the same.
Wheels and axles for trollies.

Workshop machinery, plant and equipment.—
- Electric welding plant.
- Electrodes.
- Electric cranes, all kinds.
- Air Compressors.
- Motor and control gear for driving machines (except where the motor forms a component part of a machine).

Permanent-way materials.—
- Gangman's tools.

Electric locomotives, parts and fittings.—
- Superheater elements.
- Diesel Electric Locomotives.

Trimmings.—
- Cloth, Linoleum.

Signalling and interlocking material.—
- Poles, tubular, for signals (where purchased without signals).
- Point, rodding, tubular or solid.

Leather, India-rubber and canvas goods.—
- Belting of all kinds (leather, cotton, hair, rubber, balata, etc.).

Metals.—
- Wire, steel, mild.

The value of purchases made during 1932-33 for Railway Administrations as a whole (i.e., State, Company and Indian State lines) totalled Rs.1,52,77,000: during the preceding year this figure was Rs.1,26,14,000. Thus there was an increase of Rs.26,63,000 or 21 per cent. In the present circumstances this result may be held to be very gratifying as it has been achieved despite the restriction exerted by the policy of strict economy which existing conditions have imposed and despite also the fall in the general level of prices. The increase, therefore, it will be realised, is greater than is shown by the bare statistics and is due to the expansion of new business entrusted by the Railway Board and Railway Administrations to the Indian Stores Department. But for this welcome support and co-operation a heavy decline would have had to be recorded. An analysis of the increase shows that purchases on behalf of the State Railways accounted for extra turnover amounting to Rs.28,77,000. Contracts entered into on behalf of Company Railways declined in value by Rs.3,18,000. On the other hand, purchases for Railways in Indian States increased by Rs.1,04,000.

Purchases on behalf of Major Local Governments.—The total of purchases made on behalf of major Local Governments, including the recently constituted Government of the North-West Frontier Province which was previously shown under Central Government Departments, was Rs.42,30,220 for the year as compared with Rs.53,61,701 for 1931-32, i.e., there was a reduction of Rs.11,31,481 or 21 per cent.

The value of demands received from the Governments of Bombay, Bengal, United Provinces, Punjab and Assam accounted for a decrease of approximately Rs. 12,83,000 while those from

the Governments of Madras, Bihar and Orissa, Burma and Central Provinces showed an increase of approximately Rs.1,35,000.

The value of textiles purchases for Major Local Governments was approximately the same as that for 1931-32. The net decrease referred to is in respect of demands for Engineering Stores. Decreases have to be recorded against the value of engineering stores purchased on behalf of the Governments of Bombay, Punjab and the United Provinces the total being approximately Rs.12,38,000. The decreases in expenditure are almost entirely accounted for by the cessation of demands from the Lloyd Barrage and Canals Constructions Scheme and a falling off in value of indents from the Hydro-Electric Branch of the Punjab Public Works Department.

Details of Important Purchases.—The more important purchases made during the year are shown below :—

		Amount Rs.
	Textile and leather stores.	
1.	Blankets, woollen	10,22,000
2.	Drill, khaki, coloured, white and grey	10,19,000
3.	Pugree cloth, muslin, nainsook, calico, etc.	4,98,000
4.	Socks, cotton and woollen	4,16,000
5.	Tents and tent components	3,52,000
6.	Yarn, cotton and woollen	3,39,000
7.	Flannel	3,17,000
8.	Cotton waste	3,10,000
9.	Jackets, cardigan, jerseys, waistcoats, banians, etc.	2,66,000
10.	Putties, cotton and woollen	2,08,000
11.	Rugs, horse and lohis	1,95,000
12.	Serges	1,65,000
13.	Greatcoats, greatcoat cloth, cloth, drab mixture	1,28,000
14.	Durries, cotton	1,28,000
15.	Flannelette	1,20,000
16.	Canvas, flax, cotton and jute	1,20,000
17.	Sheets, barrack and hospital	1,12,000
18.	Wool cotton, absorbent	1,06,000
19.	Ropes, head, heel and picketting	1,01,000
20.	Bags, postal, jute, flax, leather, etc.	99,000
21.	Twill	97,000
22.	Web components, and equipment	81,000
23.	Nets and netting, mosquito	75,000
24.	Leather cloth and binding furniture	65,000
25.	Dhotie cloth and long cloth	63,000
26.	Garments, uniform	62,000
27.	Cloth cord cotton, and Duck cotton, flax, etc.	60,000
28.	Garments and covers, waterproof	59,000
29.	Tape and webbing	56,000
30.	Boots, chappals, sandals, etc.	55,000
31.	Hessians and gunnies	55,000
32.	Paulins	54,000
33.	Cloths, Domestic, jaconet, dungri, madapalam, etc.	50,000

Engineering and allied stores.

		Amount Rs.
34.	Oil, Kerosene.	17,76,000
35.	Steel, axles, tyres and wheels for Railway carriages, wagons, locomotives and tenders	15,29,000
36.	Road dressing materials	12,81,000
37.	Mild steel sections	12,08,000
38.	Oil, lubricating (cylinder, superheat and Miscellaneous)	10,02,000
39.	Cement	9,82,000
40.	Oil fuel	9,36,000
41.	Paints, including dry pigments	8,04,000
42.	Lamps, electric	7,84,000
43.	Train lighting equipment	7,55,000
44.	Fans and fittings, electric	7,50,000
45.	Oil axle	7,40,000
46.	Transformers, switchgear and witchboards	5,18,000
47.	Steam tug	5,09,000
48.	Motor vehicles and spares	4,92,000
49.	Cables, electric	4,24,000
50.	Oil, castor	3,68,000
51.	Vacuum brake fittings	3,41,000
52.	Enamels and varnishes	3,35,000
53.	Petrol	3,23,000
54.	Pipes, mild steel, and fittings	2,93,000
55.	Pig iron	2,84,000
56.	Tubes, steel, high pressure	2,76,000
57.	Meters, water	2,74,000
58.	Oils, linseed, raw and double boiled	2,71,000
59.	Primary and secondary cells and spares (other than train lighting)	2,56,000
60.	Electric Generating Plant	2,50,000
61.	Tyres and tubes, motor	2,25,000
62.	Wire, galvanised, iron	2,24,000
63.	Pumping plant and equipment	2,22,000
64.	E.H.T. Electricity Distribution mains including construction at site	2,00,000
65.	Wire, copper	1,87,000
66.	Oxygen gas	1,71,000
67.	Pipes and specials, cast iron	1,41,000
68.	Sheets, galvanized iron, corrugated	1,32,000
69.	Miscellaneous engineering plant and spare parts of machinery	1,30,000
70.	Tin tents and components	1,28,000
71.	Charpoys, galvanized iron	1,29,000
72.	Level luffing electric quay cranes	1,27,000
73.	Greases	1,26,000
74.	Asbestos cement pressure pipes	1,11,000
75.	Oil, for gas making	1,09,000
76.	Salt crushing and screening plant	1,05,000
77.	Turpentine, genuine and substitute	92,000
78.	Creosote	86,000
79.	Firebricks, and fireclay	82,000
80.	Tubes, boiler, and flues for locomotives	76,000
81.	Asbestos cement sheets and packing	75,000
82.	Acids and Chemicals	75,000
83.	Steel structures (including shelving, racks, almirahs and cabinets)	72,000
84.	Sheets, mild steel	72,000

		Amount Rs.
	Engineering and allied stores—continued.	
85.	Machine tools	65,000
86.	Coal	65,000
87.	Road rollers and spares	64,000
88.	Zinc ingots	63,000
89.	Poles, steel, for electric transmission lines	59,000
90.	Wire ropes	58,000
91.	Flexible electric cords	52,000
92.	Roofing materials for Railway carriages	52,000
93.	Insulators, porcelain and composition	51,000
94.	Pipe hose, canvas and India rubber	51,000
95.	Meters, electric	50,000
96.	Disinfecting fluids	50,000

Encouragement of Indian Industries and Local Purchases. —United Kingdom contractors will realise from the following summary of the work carried out by the Indian Stores Department during the year what a powerful stimulus it applies to local industries :—

" Work was continued during the year to assist manufacturers in India to improve the quality of their products. The means adopted included technical advice and suggestions. Every endeavour was made to substitute supplies of indigenous manufacture wherever possible, without sacrifice of economy and efficiency. A few notable instances are given in the following paragraphs.

The Textile industry.—The following textile products received special attention during the year :—

(1) *Pugri cloth, khaki.*—A mill in the Bombay Presidency submitted a sample of pugri cloth and asked to be informed as to whether it complied with the specification. Tests were arranged by this Department at the Government Test House, Alipore, and the Army Inspectorate, Shahjahanpur. The sample was approved as acceptable against the Army standard sample and it proved much the best pugri cloth yet submitted by any indigenous manufacturer.

The Police Department of a local Government had previously purchased imported khaki pugri cloth. Samples of Indian make cloth as used by the Army and Railways, together with quotations, were furnished and the indenting officer was advised that indigenous cloths were better than imported qualities hitherto purchased by him. In consequence he agreed to accept indigenous qualities for future requirements.

(2) *Greatcoat Cloth.*—The Inspector-General of Police of a local Government had previously purchased imported greatcoat cloth. A sample of indigenous cloth of the quality used by the Army was forwarded. The particulars of imported and indigenous cloths were given and he was advised that the latter was better. The indentor in consequence agreed to purchase this cloth and a contract for approximately 2,300 yards was placed on his account.

(3) *Sheets, linen finish.*—An indentor required annually a number of sheets, cotton with linen finish, supplies of which had hitherto been imported. Investigations were made into the possibility of manufacturing such sheets in India. One firm was able to submit a sample, but this had not the same gloss as the imported material. Further work was carried out by the manufacturer and subsequently two further samples were supplied the finish of which was as good as might be expected in cotton fabrics but still not

equal to the imported article which was of linen. The indenting officer approved one of these samples and stated that his future requirements would be to that sample.

(4) *Waterproof Cloth.*—This Department purchases annually about 3,000 yards and 6,000 made up garments of waterproof cloth which was imported. Manufacturers in India were approached with a view to undertake manufacture and one succeeded in producing an acceptable quality. The firms who generally quote to this Department for made up waterproof garments were informed of this indigenous source of supply. This Department had also purchased this material direct for the use of inferior servants of the Government of India. Some firms in Calcutta are now using considerable quantities of this indigenous material against certain contracts with this Department for waterproof garments.

(5) *Silicia Cloth, Black.*—The estimated annual requirements of a Railway Administration were 10,000 yards of cloth, silicia, black, 54 in. wide, for lining of garments. Supplies up to 1932-33 were made of imported cloth.

During the year this Department addressed twenty-two manufacturing firms in India with a view to their undertaking manufacture of this cloth. One firm succeeded in producing a material acceptable to the Railway concerned at a price which compared favourably with imported material and an order for 8000 yards has been placed for 1933-34 requirements.

The Engineering Industry.—

(1) *Castings.*—Arrangements were made in 1931-32 to inspect the entire output of castings at the works of a well-known firm in Bombay. The inspection work continued during the year under review and the Inspectorate continued to render all possible help by means of technical advice and suggestions. Another firm in Bombay also asked for similar inspection as they experienced considerable difficulty in casting pipes which complied with the prescribed specification. As a result of inspection of their products and at the suggestion of the inspecting officers the firm carried out certain important changes in the method of manufacture which satisfactorily overcame their difficulties.

(2) *Cables.*—It was brought to the notice of this Department that an order for Indian made cables placed by an Executive Engineer had been cancelled on the ground that these cables were not manufactured by a member of the Cable Makers' Association. This Department took up the matter with the Chief Engineer of the local Government concerned and necessary instructions were issued by him to his Executive Engineer to the effect that Indian made articles were to be used.

(3) *Handcuffs, flexible and adjustible.*—These handcuffs were being obtained from abroad by an indenting department. This Department informed the indenting officer concerned that handcuffs of suitable quality and of indigenous make were obtainable in India. A standard sample of the quality hitherto used by the indentor was obtained so that a counter-sample could be made by Indian manufacturers. A satisfactory sample of Indian manufacture was furnished to the indentor and accepted by him. Twelve pairs were then ordered for purposes of trial. These proved satisfactory and a demand for 1,000 pairs was subsequently placed and complied with. The manufacturing firm concerned was given every technical assistance by the Indian Stores Department to turn out satisfactory supplies.

(4) *Piston Rods.*—Two firms in Calcutta were manufacturing piston rods on behalf of other contractors. At first great trouble was experienced mainly in respect of threads being badly cut, sleeves porous and uneven and poor finish generally. Assistance and advice given by this Department enabled them to improve their products so that their piston rods now equal imported supplies.

(5) *Glass Globes.*—Against an indent received from a Railway Administration for glass globes, quotations were invited from Indian manufacturers as well as from importers. Quotations for locally made globes were lower

than those of importers, but the quality of the former was not up to the required standard. The matter was, therefore, taken up with the Indian manufacturers with a view to improve the quality of their products. The defects found therein were intimated to the firm for rectification. The firm eventually improved their products sufficiently for supplies to be accepted by the Railway Administration.

(6) *Roof fittings for train lighting.*—A firm in Bombay secured an order from this Department for locally made roof fittings for train lighting. Advice and suggestions were given to the firm at every stage of manufacture and the fittings ultimately produced compared not unfavourably with the imported products.

(7) *Light Structures.*—At the request of a firm in Bombay their works were visited from time to time by the technical officers of the Indian Stores Department. Advice and suggestions were offered on organisation, machinery and quality of work turned out. In consequence, the firm was considered fit for inclusion in the list of approved contractors maintained by this Department, and registered for supply of light structures and bridge spans up to 20 feet.

(8) *Brushes.*—An order for 5,000 sweeping brushes was placed with a firm in the United Provinces. The firm was instructed in up-to-date methods of manufacture of such brushes and the assistance and suggestions made led to considerable improvements in the quality of their products.

Among other articles to which special attention was devoted during the year for the purpose of developing their manufacture in India or their utilisation in preference to imported articles, the following may be mentioned:—

> Undervests, metal polish, oil cleaning, road barrier lamps, crockery, enamelware, glassware, white lead, bedsteads, steel tanks, electric insulators, Kent couplers, earthenware jars, earthenware troughing, link clips, wire and wire nails, hurricane lanterns, safes and target apparatus."

Important Purchases of Articles of Indian Manufacture. —"The Department continued its efforts to substitute, wherever possible and without sacrifice of efficiency or economy, articles of indigenous manufacture for the imported products. The following is a list of the more important contracts placed during the year for products which were wholly or partially manufactured in India:—

	Amount Rs.
Textile materials.	
Drill, khaki, coloured, white and grey	10,29,000
Blankets, woollen	10,22,000
Pugree cloths, muslin, calico, etc.	4,21,000
Socks, cotton, and woollen	4,16,000
Tents and Tent components	3,59,000
Cotton waste	3,10,000
Yarn, cotton, and woollen	2,92,000
Jackets, cardigan, jerseys, etc.	2,67,000
Rugs, horse and lohis	1,95,000
Serges	1,60,000
Durries, cotton	1,28,000
Flannelette	1,20,000
Sheets, barrack and hospital	1,12,000
Greatcoats, greatcoat cloth, cloth, drab mixture, etc.	1,09,000
Wool cotton, absorbent	1,06,000
Ropes, head and heel, and picketting	1,01,000

Engineering and allied stores.	Amount Rs.
Cement	9,52,000
Road dressing materials	9,51,000
Mild steel sections...	7,84,000
Oil, kerosene	7,59,000
Paints including dry pigments	6,33,000
Oil, axle, all-weather	6,00,000
Oil, castor	3,68,000
Pig iron	2,84,000
Oil, linseed, raw and double boiled	2,71,000
Enamels, and varnishes	1,89,000
Oxygen gas	1,71,000
Pipes and specials, cast iron	1,34,000
Cables, electric	1,30,000
Tin tents and components	1,28,000
Wire, copper	1,18,000

Particulars of other Indian articles purchased may be obtained on application to the Department of Overseas Trade.

Scrutiny of Indents on the India Store Department, London.—As a result of the close observance of the Rupee Tender Rules by Departments of the Central Government and of Provincial Governments which have promulgated similar rules and also as a result of general curtailment of demands due to financial stringency, only 835 indents on the Director-General, India Store Department, London, for stores estimated to cost Rs.74,36,880 were received for examination during the year against 915 indents for stores of the estimated value of Rs.93,84,301 examined during the preceding year. It was found necessary to challenge items aggregating Rs.63,573 or .85 per cent. of the total value only in these indents.

The improvement is due to several causes, namely, closer observance of the rules by indenting authorities, increasing facilities for purchase of stores in India and utilisation by several Departments in an increasing degree of the services of the Indian Stores Department for a pre-scrutiny of their forecasts of estimates of expenditure on stores to be imported from abroad as well as of their indents on the Director-General, India Store Department, London, before actual despatch.

Utilisation of the Services of the Indian Stores Department by Authorities outside India.— The services of the Department were utilised by the Resident Engineer, Royal Airship Base, Karachi, for the purchase and inspection of miscellaneous stores, and by the Inspector-General of Police, Singapore, Straits Settlements, for Police uniforms and accoutrements. Cast iron pipes and specials manufactured at Kulti were inspected on behalf of the Singapore Municipality, and tents manufactured at Cawnpore on behalf of the Palestine Government. The Comptroller of Stores,

Western Australian Government Railways and Tramways, Freemantle, also again utilised the services of the Bombay Inspection Circle for the inspection of Cotton Waste.

Purchases of Railway Materials. — The most recently published report on Indian Railways for 1931/32 states that the value of stores purchased by Class 1 Railways (excluding H.E.H. the Nizam's State and Jodhpur Railways, which are mainly the property of Indian States) decreased from Rs.23.75 crores in 1930/31 to Rs.15.99 crores in 1931/32 due to economies effected by railways accentuated by the general fall in prices. The principal items showing decreases were rolling stock (Rs.315 lakhs), tools and stores (Rs.194 lakhs), permanent way (Rs.37 lakhs), electric plant (Rs.53 lakhs), building and station materials and fencing (Rs.28 lakhs), and other materials (Rs.103 lakhs). The principal items of decrease of indigenous materials were rolling stock (Rs.40 lakhs), tools and stores (Rs.80 lakhs), permanent way (Rs.46 lakhs) and other materials (Rs.110 lakhs).

The following table records the amounts spent under each main heading :—

Heading	Value of Imported Materials			Value of indigenous materials	Total purchases 1931-32	Total purchases 1930-31
	Purchased direct	Purchased through Agents in India	Total imported materials			
	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores
Rolling-stock ...	1.90	0.82	2.72	0.57	3.29	6.44
Tools and stores ...	0.28	1.62	1.90	1.84	3.74	5.68
Permanent-way ...	0.05	0.23	0.28	3.40	3.68	4.05
Electric plant ...	0.11	0.70	0.81	0.06	0.87	1.40
Building & station materials & fencing	0.02	0.17	0.19	0.10	0.29	0.57
Bridge Work ...	—	0.08	0.08	0.07	0.15	0.32
Workshop machinery	0.05	0.21	0.26	—	0.26	0.46
Engineer's plant ...	0.03	0.09	0.12	0.02	0.14	0.23
Other materials* ...	—	0.28	0.28	3.29	3.57	4.60
Total	2.44	4.20	6.64	9.35	15.99	23.75

* Other materials consist of coal and coke, stone, bricks, lime and ballast, etc.

Purchases of Stores by Railways through the Indian Stores Department.—The Railway Report states :—

" The total value of stores purchased by railways through the Indian Stores Department during the year amounted to Rs.126.14 lakhs of which Rs.16.92 lakhs represented the value of " textile and leather materials " and Rs.109.22 lakhs that of " engineering, hardware and miscellaneous stores." The list of items the purchase of which by State-managed railways through the Indian

Stores Department is obligatory was revised so as to remove certain ambiguities which had been brought to the Railway Board's notice and a number of articles including certain technical stores, such as standard bridge girders, locomotive boiler tubes, superheater flues, etc., were added to this list. The question of making further additions to the list is under consideration. The value of purchases made through the Indian Stores Department, however, dropped from Rs.127.98 lakhs in 1930-31 to Rs.126.14 lakhs in the current year. This decrease is chiefly due to the fall in market prices and to the efforts made by railways to reduce their purchases to the utmost possible limit consistent with efficiency in view of the existing financial stringency. A comparison of the total value of stores purchased by railways during recent years with the value of purchases made by them through the Indian Stores Department during the same period will show that there has been a considerable increase in the percentage of such purchases."

Since the Railway report was published the list of railway stores to be purchased through the agency of the Indian Stores Department has again been considerably extended and now includes such important items as tyres and axles, vacuum brake fittings, electrical plant and equipment and electrical fittings, train and locomotive lighting plant, practically all textiles, paints, oils and numerous small tools.

During the year 1931/32 orders amounting approximately to 79,203 tons of rails and 3,037 tons of fish plates were placed with the Tata Iron and Steel Company. In this tonnage is included an order for the supply of 16,665 tons of 115 lbs. section rails for the East Indian and Eastern Bengal Railways.

Purchase of Army Requirements.—The position remains largely unchanged since the introduction of the rupee tender system on January 1st, 1931. The bulk of the imported stores contracted for in India are purchased by the Director of Contracts at Army Headquarters, Simla, who acts for all branches of the Army in India. Lethal weapons, munitions of war, technical apparatus and equipment and any other stores required by the Naval, Military or Air Forces of the Crown in India for which drawings, patterns, specifications or designs have been issued, prescribed or announced by the Admiralty, War Office, Air Ministry, Government of India or Commander-in-Chief in India are, by virtue of Rule 8 of the revised Stores Rules, obtained by indent on the India Store Department, London, unless they are available in India in accordance with the prescribed drawing, pattern, specification or design. The Indian Stores Department in India purchase the Army textiles, motor transport vehicles, and also the engineering requirements of the Engineer-in-Chief's branch of Army Headquarters. The remainder of the heterogeneous mass of stores required by a modern army is purchased by the Director of Contracts. The wide variety of the items in which he is interested is shown in the following list of the fifty-two main groups:—

" 1. Acids and Chemicals (including artificial manure); 2. Ammunition and Explosives; 3. Batteries and Cells (primary and secondary); 4. Boilers; 5. Brushware; 6. Crockery; 7. Cutlery and Plate; 8. Dairy Requisites; 9. Electric Cables and Wires; 10. Electrical Stores, miscellaneous; 11. Engines,

internal combustion; 12. Engines, steam; 13. Foodstuffs; 14. Footwear; 15. Glassware; 16. Haberdashery; 17. Hardware and Ironmongery; 18. Head wear; 19. Hollow ware, aluminium; 20. Hollow ware, Enamel; 21. Hollow ware, iron; 22. Instruments, musical; 23. Instruments, optical, scientific and surveying; 24. Iron and Steel (and their alloys); 25. Leather and Products; 26. Machinery, Agricultural and Dairy; 27. Machinery, miscellaneous; 28. Machinery, workshop; 29. Metals, non-ferrous, (Ingot and Sections); 30. Mill Stores; 31. Miscellaneous Stores; 32. Oil and Colourmen's Stores; 33. Oils (mineral and vegetable) and Lubricants; 34. Packing materials; 35. Paints, Enamels and Varnishes; 36. Photographic stores; 37. Road Dressing Materials; 38. Rubber Goods; 39. Ship Chandlers' Stores; 40. Soap; 41. Stationery and Drawing Office and General Office Requisites; 42. Tanning materials; 43. Telegraph, telephone and wireless stores; 44. Textiles; 45. Timber; 46. Tinware; 47. Tools; 48. Vehicles and Accessories; 49. Weighing Appliances; 50. Wickerwork; 51. Wire (steel and iron) and Products; and 52. Woodware."

In view of the imperative need for absolute reliability in Army equipment, the greatest stress is laid by the Director of Contracts upon sound quality. Purchases are made at the keenest possible prices, but the Army Department cannot afford to take risks by reducing quality, either in order to effect economies or to encourage local industries.

The Deputy Director-General (Stores) of the Indian Medical Service purchases, through his medical stores depots at Calcutta, Bombay, Madras, Lahore and Rangoon, considerable quantities of drugs, medicines, dressings and surgical instruments and apparatus. A large proportion of the medical stores required is still bought by Home Indent on the Director-General of Stores in London. Local purchases of indigenous materials tend to increase. The medical stores depots at Madras and Bombay now manufacture (or rather make-up) a large number of preparations from indigenous raw materials. In Bombay, a local firm manufacture surgical instruments in a factory adjacent to the depot. These instruments are stated to meet the need of many Indian surgeons or hospitals for instruments which, although perhaps not being of the very finest quality and finish as used in Europe or the United States, are sufficiently good for the purpose and are attractive on account of their low price.

Department of Posts and Telegraphs.—The Director-General of Posts and Telegraphs in his Annual Report for 1931/32 states that the stores used in the telegraph branch of the department consist principally of line material, such as posts, brackets, insulators and wires; and instruments of various types. These are obtained by manufacture in the departmental workshops at Alipore, Calcutta, which are fully equipped shops capable of turning out work of high quality; by purchase through the agency of the Indian Stores Department; or by direct purchase in the case of special apparatus. The principal store depot is at Alipore but important stocks are held at Bombay, Karachi, Lahore, Madras and Rangoon. Provision is made in these for store requirements for

telegraph work done for railways and canals as well as for departmental requirements. The telegraph store transactions during the years 1930/31 and 1931/32 were :—

	1930/31. Rs.	1931/32. Rs.
Opening balance ...	58,99,000	54,26,000
Receipts	82,05,000	70,72,000
Issues	86,78,000	68,12,000
Closing balance ...	54,26,000	56,86,000

The Indian Canteen Contractors' Syndicate Ltd.—I have traced, in previous reports, the origin and formation of this quasi-official organisation. The following note, specially contributed by Mr. A. C. Murray, the Managing Director, will be read with interest by United Kingdom purveyors of provisions and canteen stores :—

" This Co-operative Company, created in 1928, by the Canteen Contractors of the British Army and Royal Air Force in India for the purchase and distribution of all their supplies, reports continued increase of trade for the year 1932. And this in spite of " cuts " and economy schemes by which units themselves now undertake many services hitherto the province of the contractor.

The advantage of centralised buying, however, is now so appreciated by Members that all requirements, whether for Refrigerators or Mineral Water Bottling Plants, Bacon Slicing Machines or Billiard Cues are placed automatically on their Syndicate. Billiard accessories are, in fact, one of the Syndicate's latest activities for which it is setting up its own workshops, with a staff of expert mechanics to deal with the maintenance of the many hundreds of billiard tables throughout the Messes and Canteens in India.

Another innovation in 1933 is the holding of a series of travelling Stock Rooms to visit eight of the most central military stations, to which some 40 others are conveniently adjacent. The tour, which commences in May and extends from Peshawar to Secunderabad, is in the nature of an experiment. It was devised primarily to introduce a number of the Syndicate's own lines, packed specially for it, to its Contractor-Members. A few manufacturing firms, interested more especially in the Christmas trade were quick to hear of it and a limited number have been allowed to participate, as accommodation has permitted. On this account invitation to view the displays and place orders has been extended, not merely to the Military and their Contractors, but to bazaar merchants also. The cost to any firm participating is £45 for the round tour of 80 days, but some have elected to have their own representatives also in attendance. The venture if as successful as is promised, is capable of bigger developments in the future.

In furtherance of the " Buy British " campaign at home the Syndicate set itself to match, with goods of Empire origin, many foreign lines hitherto in universal demand. Its efforts resulted in more than one American firm setting up packing-plants in Canada, merely to keep its trade. Others who established factories in the United Kingdom, now supply the Syndicate with produce from home ports. Later, as the newly established canning companies in England master the very special difficulties of tinning foodstuffs for the tropics, the big trade, which in spite of duties, goes still to Holland for cheese and Norway for fish and sardines, may safely be transferred to home producers.

The Canteen Contractors' Syndicate Ltd., it will be remembered, is not merely the officially recognised agency for the supply of military canteens in India in peace. It is also the nucleus of the Canteen Service in War; when stocks, staff and organisations at its four port-depôts, Karachi, Calcutta, Bombay and Madras, may be taken over by Government. To this end the latter reserves to itself the appointment of the Syndicate's Managing Director. The present holder of the post is Mr. A. C. Murray, to whom enquiries should be addressed at the new Head Office at Oriental Building, McLeod Road, Karachi, India."

CHAPTER IV

REVIEW OF THE ACTIVITIES OF THE INDIAN TARIFF BOARD DURING THE PERIOD SEPTEMBER 1931 TO MARCH 1933, TOGETHER WITH NOTES ON THE FURTHER PROTECTION ACCORDED TO CERTAIN INDIAN INDUSTRIES

The last Report on the Conditions and Prospects of United Kingdom Trade in India dealt with the period to September, 1931. In order to preserve a continuous record of the activities of the Indian Tariff Board, the subject matter of the present chapter extends beyond the period generally covered by this report and includes the main activities of the Board from September, 1931 to 31st March, 1933.

Inquiry into the Indian Sugar Industry.—In my last Report, I outlined the main recommendations embodied in the Board's Report, which was published in March, 1931, and stated that the Government of India in the budget for 1931/32 had raised the sugar import duty as a revenue measure to Rs.7-4-0 per cwt. To this was added the 25 per cent. surcharge of Rs.1-13-0 levied under the Indian Finance (Supplementary and Extending) Act, 1931, making Rs.9-1-0 per cwt. in all, which has remained in force since the 30th September, 1931.

Decision of the Government of India.—In Resolution No. 127T (29) dated the 30th January, 1932, the Government of India announced its decision on the recommendations of the Board in the following terms:—

"On a representation from the Imperial Council of Agricultural Research, the Government of India in their Resolution, No. 127-T (19) dated the 20th May, 1930, directed the Tariff Board to enquire into the question of granting protection to the sugar industry, a term which was intended to include the grower of sugar cane in India, the manufacturer of different kinds of indigenous raw sugar (gur) and the manufacturer of crystalline sugar. The Report of the Board was published for general information on the 13th March, 1931.

2. The Board have found that the case for protection to the sugar industry rests on the importance of cane cultivation in the agricultural economy of India and that in order to maintain and, if possible, increase the area under cane a stimulus must be provided for the manufacture of refined sugar. The Government of India accept this finding.

3. The Board have recommended—

(1) That a protective duty be imposed on all classes of sugar, including sugar candy, at the rate of Rs.6-4-0 per cwt. for a period of fifteen years;

(2) That an additional duty at the rate of Re.1 per cwt. be imposed on all classes of sugar, including sugar candy, for the first seven years of the protective period;

(3) That power be taken to impose by executive order an offsetting duty, when necessary, at the rate of 8 annas per cwt., should the price of sugar fall below Rs.4 a maund;

(4) That the duty on molasses should remain unaltered;

(5) That a grant of not less than Rs.10 lakhs be made annually from Central Revenues for sugar research;

(6) That the Bill to be introduced to give effect to the proposed duties should contain a provision enabling Government to call for such returns from sugar factories as may be considered necessary;

(7) That the Bill should contain a provision enabling Government to make rules requiring sugar factories to post notices specifying such matters relating to the prices paid for sugar cane as may be thought necessary;

(8) That no assistance in the form of a loan, grant, subsidy or other concession be given to a sugar company unless it complies with the conditions laid down in paragraph 292 of the Fiscal Commission's Report, i.e., it is incorporated and registered in India with rupee capital, has a reasonable proportion of Indian directors and offers facilities for training Indians at Government expense;

(9) That new sugar companies coming into existence during the protective period be compelled, by such means as Government may consider practicable, to be registered as public companies with rupee capital.

4. The Government of India accept the recommendation of the Board that a single rate of duty should apply to all classes of sugar, but consider an initial protective period of fifteen years to be unduly long. Economic conditions are at present so disturbed that it is impossible to foretell what rate of duty may be necessary for protective purposes after the lapse of seven years. In these circumstances the Government of India have decided to propose that a protective duty at the rate of Rs.7-4-0 per cwt. be imposed on all classes of sugar until the 31st March, 1938, and that provision be made in the statute for a further enquiry before the end of that period into the question of continuing protection to the industry.

5. The Government of India do not propose to accept the Board's recommendation that power should be taken to impose an additional duty in the event of the price of imported sugar falling below a certain level. Power to increase statutory duties by executive action should not, in the opinion of the Government of India, be taken unless the necessity for it as part of the protective scheme can be clearly demonstrated and in the present instance they are not satisfied that such necessity exists.

6. The Government of India accept the recommendations of the Board that the duty on molasses should remain unaltered and that power should be taken by statute to call for such returns from sugar factories as the Governor General in Council may deem it necessary to prescribe. They feel considerable doubt, however, whether rules requiring sugar factories to post notices regarding prices paid for sugar cane would have much practical result and they do not, therefore, propose to include provision for that purpose in the protective Bill.

7. The Board's recommendation that an annual grant of not less than Rs.10 lakhs should be made for sugar research will receive the careful consideration of the Government of India, but in present financial circumstances they regret that no undertaking to carry it into effect can be given.

8. The Board's recommendation, that no assistance in the form of a loan, grant, subsidy or other concession should be given to a new company unless it complies with the conditions laid down in paragraph 292 of the Fiscal Commission's Report embodies a principle already accepted by the

Government of India and one which finds a place in certain existing provincial Acts. Its practical application is ordinarily a matter for Local Governments. The recommendation of the Board that new sugar companies should be compelled to be registered as public companies involves the introduction of a new principle which the Government of India are unable to accept. In their opinion prohibition of the formation of private companies to develop the sugar industry would impose an undesirable handicap upon enterprise.

9. The Government of India propose to introduce legislation immediately to give effect to the decisions stated above."

The Sugar Industry (Protection) Act, 1932 was passed on the 8th April, 1932. It transferred sugar and sugar-candy, excluding confectionery, from the non-protective special tariff to the protective tariff, thereby raising the duty on sugar below 8 D.S. and sugar-candy to the same level as that on white sugar, i.e., Rs.7-4-0 per cwt. plus the 25 per cent. surcharge of Rs.1-13-0 making Rs.9-1-0 in all. The Act further stated that the basic duty of Rs.7-4-0 should have effect up to the 31st March, 1938, but if the Governor-General is satisfied at any time during the currency of the Act, after such enquiry as he thinks fit, that foreign sugar is being imported at such a price as to render the existing protection ineffective, this rate may be increased.

Inquiry into the Salt Industry.—In my last report I traced the events leading up to the passage of the Salt (Additional Import Duty) Act, 1931, by which an additional duty of 4½ annas per maund was imposed on salt imported into any port in British India from overseas sources other than Aden or Perim. This duty of 4½ annas is levied over and above the excise duty for the time being leviable on salt manufactured in the place where the import takes place. The rate of such excise duty on the 1st January, 1933, and until further notice is Rs.1-9-0 per maund.

The Indian Legislature in March, 1932 extended the levy of the additional duty of 4½ annas per maund until the 31st March, 1933.

In November, 1932, the Government of India, having received representations that foreign salt was being imported into Bengal at prices below the fair selling rate fixed by the Tariff Board, appointed the Collector of Customs, Calcutta, to conduct an inquiry under Section 4 of the Act. The inquiry was held in Calcutta during November, 1932, and, as a result of it, the Government of India decided that no case had been made out for imposing an additional duty, but that should any marked further reduction, not justified on the ground of further reduction in freights, take place in the general level of prices, the position might require reconsideration.

In March, 1933, the Salt Additional Import Duty (Extending) Act was passed which again extended the additional import duty on foreign salt to March 31st, 1934, but reduced the surcharge on this salt from 4½ annas to 2½ annas per maund with effect from the 30th March, 1933.

Inquiry into the Heavy Chemical Industry.—By the terms of the Heavy Chemical Industry (Protection) Act, 1931, protective specific duties were imposed from the 1st October, 1931 on nitric, hydrochloric and sulphuric acid, alum, aluminium sulphate, copper sulphate, magnesium chloride, magnesium sulphate, sodium sulphate, sodium sulphide and zinc chloride with effect until the 31st March, 1933, in the first place, pending further consideration of the possibility of reorganising the industry on an economic basis and expert investigation of the superphosphate bounty scheme.

Government of India Decision.—In Resolution No. 199-T (17) of the 1st April, 1933, the Commerce Department of the Government of India make it clear that the limited period of protection was granted to enable consideration to be given to the following questions:—

(a) Whether there was any likelihood of the principal manufacturers of heavy chemicals in India reorganising the industry in combination with each other and of so making economic production possible.

(b) Whether the actual and potential demand in India for superphosphate was sufficiently large and assured to justify the grant of State assistance in the form of a bounty to the manufacturers of this fertiliser.

(c) Whether superphosphate was capable of being manufactured in India at a cost which would enable it at any time to compete with the imported article on equal terms.

In regard to question (a) enquiry had shown that there was no intention on the part of chemical manufacturers to work for more economic production by a combination of interests; moreover the Indian market for heavy chemicals appeared insufficient to render truly economic production by the existing concerns possible. Investigations conducted by the Imperial Council of Agricultural Research, in regard to question (b) tended to show that the potential demand could not be stated with certainty to justify State assistance and as regards question (c) the most carefully made estimates suggested that no prospect existed of manufacture in India at a cost sufficiently low to enable it to compete with the imported article.

The Government of India accordingly decided to place no proposals before the Legislature for the continuance of protection to the heavy chemical industry after the 31st March, 1933. The protective duty on magnesium chloride, which was in force until the 31st March, 1939, remained unaffected by this decision.

Lapsing of the Protective Duties on Heavy Chemicals.—The protective duties accordingly lapsed on the 31st March, 1933, except that on magnesium chloride which remains in force until the 31st March, 1939. The heavy chemicals governed by the Act are now assessed as follows:—

(1) Magnesium chloride under No. 72/141B of the Indian Customs Tariff at 8 annas 9 pies per cwt. or 25 per cent. whichever is higher.

(2) Hydrochloric, nitric and sulphuric acids, aluminium sulphate, copper sulphate, sodium sulphate and sodium

sulphide under No. 74B/181 at 30 per cent. standard and **20 per cent. preferential.**

(3) Magnesium sulphate and zinc chloride as Magnesium and Zinc compounds, not otherwise specified, and alum, under 74A/88 at 25 per cent. *ad valorem.*

Inquiry into the Bamboo Paper Industry.—In the 1930/31 report, reference was made to the inquiry which had been initiated by Government of India Resolution No. 202-T (26) of the 26th March, 1931, and which was then in progress.

Conclusions of the Board.—The Board reported on the 15th October, 1931, and a summary of its findings can be inspected at the Department of Overseas Trade.

The main recommendations made by the Board were:—

(1) Protection to the bamboo pulp and paper industry should be continued by means of a duty.

(2) The duty on imported paper should be imposed at the same rate and on the same articles as at present.

(3) A duty should be imposed on imported wood pulp at the rate of Rs.45 per ton.

(4) The protective duties on paper and pulp should remain in force for a period of seven years from the 1st April, 1932.

(5) A conference should be held with representatives of the different interests to decide the proper definition of the classes of paper to be subject to the protective duty.

(6) Compliance by the paper-making companies with the principles stated in para. 292 of the Fiscal Commission's Report should be made a condition precedent to the grant of concessions for the exploitation of forests and to purchases of paper by Government.

(7) The Paper Pulp Section of the Forest Research Institute should be developed and should undertake co-ordination of experimental work on bamboo.

The Government of India in Resolution No. 202-T (28) of the 3rd February, 1932, accepted the necessity for giving protection to the bamboo paper industry for a further period by means of a duty on paper and to the bamboo pulp industry by means of a duty on imported pulp. They also accepted the Board's recommendations regarding the rate of the two duties and the additional period of protection required. As regards the definition to be embodied in tariff schedule of the articles chargeable with the protective duty, the Government of India felt unable to accept the Board's recommendation that, while the protective duty should continue to be imposed upon printing and writing papers, a definition of the kinds of paper to be classed under those two heads should be determined according to trade usage after consultation with representatives of the different interests. The view of the Government of India was that the definition of articles to which the protective tariff is to apply should indicate as precisely as possible the intention of the Legislature and should be so framed as to include any such articles as can be produced economically in the country or may compete with an indigenous product, and for this purpose trade usage provides no guide. At the same time, the Government of India

appreciated the fact that the existing statutory definition of the protected classes of paper gives rise to difficulties of interpretation, and, stated that if protection were to be given for a further period to the paper industry, they proposed to proceed without delay to revise the basis of assessment to duty of imported paper in consultation with the different interests concerned in such a way as to obviate disputes regarding the interpretation of the tariff and to place the results of such revision before the Legislature at the earliest opportunity. As, however, the time remaining before expiry of the existing Act was insufficient to enable new definitions to be properly determined, the Government of India considered that for immediate purposes the best course will be to re-enact the law with the existing definitions.

The Bamboo Paper Industry (Protection) Act, 1932 was passed on March 5th, 1932 and extended the dates of operation of the Acts of 1925 and 1927 to the 31st March, 1939. It also altered from 65 to 70 the maximum percentage of mechanical wood pulp in the fibre content of printing paper which is assessable at the protective rate (with surcharge) of one anna and three pies per pound under Item No. 155 of Schedule II to the Indian Tariff Act, 1894, as subsequently amended, and transferred wood pulp from the free list to the protective tariff by imposing thereon a specific duty of Rs.45 per ton (Rs.56.4 with surcharge). This duty shall also remain in force until March 31st, 1939.

Inquiry into the Wire and Wire Nail Industry.—*Decision of the Government of India.* In Resolution No. 362-T (16) dated the 3rd February, 1932, the Commerce Department of the Government of India record their decision as follows:—

"In their Resolution No. 362-T (11) dated the 7th May, 1931, the Government of India remitted to the Tariff Board for inquiry an application from Messrs. The Indian Steel Wire Products, Tatanagar, asking for the restoration of protection to the wire and wire nails industry. The Board's report, which was submitted on the 15th October, 1931, has been published for general information to-day.

2. The Board's conclusions may be summarised as follows. In order to justify the grant of protection to the manufacture of wire and wire nails in India it is necessary that these products should be made from Indian steel, and for this purpose the establishment of a wire rod mill in India is essential. Since no mill exists in India capable of rolling wire rod an application for protection to the wire and wire nails industry is premature. But one firm, The Indian Steel Wire Products at Tatanagar, is at present manufacturing wire and wire nails from imported wire rod and is prepared, if protection is granted to the industry, to erect a mill capable of rolling wire rod from Indian steel billets. The output of this mill would be large enough to secure an economical level of costs and a market exists in India sufficient to absorb the output of the mill, including its products other than the wire rod used in the manufacture of wire and wire nails. If the firm obtains no assistance now in carrying on manufacture from imported raw material it will be compelled to stop working, and temporary assistance should be granted because the manufacture of wire and wire nails was given protection in 1924 and because the present proprietor of the concern, when he purchased the works, was justified in assuming that though protection had been withdrawn in 1927, its

restoration before 1930 was a reasonably certainty. The Board's recommendation is that so much assistance be granted to the industry as will enable it to maintain itself until such time as it may reasonably be expected to make arrangements for supplying itself with material drawn from indigenous sources. It is calculated that if a selling price of Rs.190 per ton be guaranteed for wire nails, the manufacturer should obtain a profit on his present output of about 5 per cent. on his total capital expenditure, and the Board considers this to be a fair price for the purpose of temporary assistance. It accordingly recommends the imposition of a duty on wire and wire nails at the rate of Rs.45 per ton until the wire and wire nail industry's claim to substantive protection has been investigated in the course of the next statutory enquiry into the iron and steel industry. The Board also recommends that the existing concession should be continued under which Messrs. The Indian Steel Wire Products are permitted to import wire rod free of duty.

3. The Government of India have carefully considered the Board's report and have decided to accept its recommendations. They agree with the Tariff Board that until the industry can obtain its principal raw material in India the claim to protection cannot be substantiated. There is, however, a reasonable prospect that the firm now manufacturing wire and wire nails in India will before long be in a position to supply itself with indigenous raw material, and, taking into account all the circumstances the Government of India consider that the grant of tariff assistance for a limited period to afford the industry a further opportunity of removing the disability under which it labours would be in the national interest. Their attitude in the matter has not been influenced by the argument that the firm in question has an equitable claim to assistance owing to the circumstances on which it undertook manufacture, for in their view the claim breaks down and has not been established. But they consider it of great importance to the successful establishment in India of the steel industry as a whole that new branches of the industry should be created, and the market for steel made in India thereby widened. The information in their possession leads them to be believe that the manufacture of wire rod in India presents no insuperable difficulties, but unless assistance is given now such manufacture is likely to be postponed for an indefinite period. They desire, however, to make it plain that when machinery for the manufacture of wire rod has been installed and production commences, that fact will not in itself constitute a valid claim to protection. It will still be necessary for the industry to show to the satisfaction of the Tariff Board and the Legislature that manufacture under the new conditions is likely to be economical and, in short, that the principles laid down by the Fiscal Commission are satisfied.

4. In accordance with the decision stated in the preceding paragraph the Government of India will introduce legislation immediately to impose a protective duty of Rs.45 per ton on the articles recommended by the Board to operate until the 31st March, 1934. They also propose to continue to allow to The Indian Steel Wire Products the concession which they enjoy at present in respect of the duty on imported wire rod."

The Wire and Wire Nail Industry (Protection) Act, 1932 became law on March 5th, 1932, and brought again under the protective tariff wire (other than barbed or stranded fencing wire, wire rope or wire-netting) and wire nails by imposing thereon a duty of Rs.45 per ton. These duties have effect up to the 31st March, 1934, but are exempt from the 25 per cent. surcharge imposed by the Indian Finance (Supplementary and Extending) Act, 1931.

Inquiry into the Electric Wire and Cable (other than Paper Insulated Cables) Industry.—As notified in the 1930/31 report, this inquiry was remitted to the Tariff Board in Commerce Department Notification No. 38 (T)-20 dated the 11th May, 1931.

The Tariff Board, in their report dated the 15th October, 1931 came to the conclusion that the manufacture of electric wires and cables is not an industry which satisfies the conditions laid down by the Fiscal Commission. They, therefore, made no recommendations regarding the application for protection submitted by the Indian Cable Company. This finding was accepted by the Government of India in their Resolution No. 707-T (5) of the 6th February, 1932.

Inquiry into the Glass Industry.—This inquiry was referred to the Tariff Board in October, 1931. The Board's report was submittd to the Government of India in March, 1932, and is still being examined by the Government of India who have not yet indicated their decision. Meanwhile, the report has not yet (May, 1933) been published.

Inquiry into the Indian Cotton Mill Industry.—On April 9th, 1932, the Government of India issued Resolution No. 341-T (150) which reads as follows :—

" By the Cotton Textile Industry (Protection) Act, 1930, protective duties were imposed on cotton piecegoods for a period of three years in order to give the cotton mill industry in India temporary shelter against foreign competition. These duties are fixed at a lower rate on piecegoods of British than on those not of British manufacture. By the same Act the operation of the duty imposed by the Indian Tariff (Cotton Yarn Amendment) Act, 1927, was extended for a further period of three years on account of the unfair competition arising from the prevalence of inferior labour conditions in China. These duties will expire on the 31st March, 1933. An assurance was, however, given by the Government to the Legislature, when the Cotton Textile Industry (Protection) Bill was under consideration, that before the termination of the three-year period the effect of the duties on the production of cotton piecegoods in India and on the Indian cotton textile industry would be examined in a Tariff Board inquiry.

Since the Cotton Textile Industry (Protection) Act was passed three noteworthy changes have occurred. In the first place, the rates of duty imposed on cotton piecegoods under the Act have been raised by two successive Finance Acts, and are now levied at a rate substantially higher than the Legislature found to be necessary to give temporary shelter to the indigenous industry. In the second place, a very large increase has occurred in the imports of piecegoods made wholly or partly of artificial silk, and the duties on such goods have been raised to the rates applicable to goods made wholly or partly of real silk. Finally, the Government of India have decided to discuss at the forthcoming Imperial Conference at Ottawa the question whether Great Britain and India should enter into a trade agreement embodying a preferential tariff regime so designed as to benefit the trade of both countries.

The Government of India consider that the Tariff Board enquiry should now be undertaken. The Board is requested to examine the following questions and to make recommendations :—

(1) whether the claim of the Indian cotton textile industry to protection has been established;

(2) if the claim is found to be established, in what form protection should be given and to what extent;

(3) if it is proposed that protection should be given by means of import duties—

(a) whether the same rate of protection is required against the competition of goods manufactured in the United Kingdom as against the competition of goods manufactured elsewhere; and

(*b*) what rates of duty are recommended in respect of—
(i) cotton piecegoods,
(ii) piecegoods made wholly or partly of artificial silk, and
(iii) cotton twist and yarn, according as they are manufactured—
a. in the United Kingdom,
b. elsewhere.

In making its recommendations the Tariff Board will take all relevant considerations into account including that stated in part (*b*) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923. In particular, the Board is requested to consider how its recommendations will affect the handloom weaving industry."

An elaborate enquiry was carried out by the Board throughout the summer months of 1932 and the final report of the Board was signed on the 10th November, 1932, and submitted to the Government of India. The whole question is still under consideration in the light of this report and of the Ottawa Trade Agreement. The Government of India have not yet published either the Board's Report or their recommendations thereon.

Emergency Inquiry regarding the Grant of Additional Protection to the Cotton Textile Industry.—During the spring and early summer of 1932, the Indian market was flooded with Japanese piece goods imported at prices which, largely on account of the depreciation of the yen exchange, rendered completely ineffective the protection afforded by the existing duty against Japanese goods of 31¼ per cent. *ad valorem*. Great damage was done to the Indian Industry and, in response to urgent appeals, the Government of India by Resolution No. 341-T (161) of the 25th July, 1932, remitted the matter to the Tariff Board with the following terms of reference:—

" The Government of India have received an application from the Indian Cotton Textile Industry requesting that the Governor General in Council, in exercise of his powers under Section 3 (5) of the Indian Tariff Act, 1894, should increase the duty leviable on cotton piecegoods not of British manufacture under item 158 in Part VII of the Import Tariff on the ground that such articles are being imported into British India at a price likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India.

2. The Government of India have decided that an immediate inquiry should be made by the Tariff Board with the following terms of reference:—

To report whether cotton piecegoods not of British manufacture are being imported into British India at such a price as is likely to render ineffective the protection intended to be afforded by the duty imposed on such articles under Part VII of the Second Schedule of the Indian Tariff Act, 1894, by the Cotton Textile Industry (Protection) Act, 1930, to similar articles manufactured in India; and, if so, to consider—

(*a*) to what extent, if any, the duty on cotton piecegoods not of British manufacture should be increased and whether in respect of all cotton piecegoods not of British manufacture or in respect of cotton piecegoods, plain grey only or of cotton piecegoods, others, only;
(*b*) whether the duty should be increased generally, or in respect of such articles when imported from or manufactured in any country or countries specified; and
(*c*) for what period any additional protection found to be required should be given,

and to make recommendations."

Report of the Tariff Board.—After a most expeditious inquiry, the Board reported on the 2nd August, 1932, their recommendations being as follows :—

" We suggest that Government should immediately examine the possibility of using their powers under section 3 (2) of the Tariff Act in the case of piece-goods imported from a country with a depreciated exchange, to raise the value of the goods for Customs purposes in such proportion as to secure the continuance of the protection intended for the Indian industry. We believe that as a means of meeting the present emergency such a method will be found to be more adaptable and less liable to cause general dislocation. It will also help to safeguard the interests of the consumers. Its actual working with reference to the Japanese exchange may be illustrated as follows :—

	Nett price	Duty	Fair selling price
Price assumed in March, 1930	100	20	120
Equivalent price at current price of cotton	87	17	104
(1) If rupee-yen exchange stands at about 105-nett price ($87 \times \frac{165}{136}$) =	67	—	—
Duty required to restore fair selling-price—104 minus 67 ... ... =	—	37	—
Estimated value required for a duty of 37 at 31¼ per cent.	118 = approximately 1¾ times landed cost (67)		
(2) If rupee-yen exchange stands at about 110-nett price ($87 \times \frac{110}{136}$) =	70	—	—
Duty required to restore fair selling price—104 minus 70 ... ... =	—	34	—
Estimated value required for a duty of 34 at 31¼ per cent.	110 = approximately 1½ times landed cost (70)		
(3) If rupee-yen exchange stands at about 115—nett price ($87 \times \frac{115}{136}$) ... =	74	—	—
Duty required to restore fair selling price—104 minus 74 ... ... =	—	30	—
Estimated value required for a duty of 30 at 31¼ per cent.	96 = approximately 1⅓ times landed cost (74)		
(4) If rupee-yen exchange stands at about 120—nett price ($87 \times \frac{120}{136}$) ... =	77	—	—
Duty required to restore fair selling price—104 minus 77 ... ... =	—	27	—
Estimated value required for a duty of 27 at 31¼ per cent.	86 = approximately 1⅛ times landed cost (77)		
(5) If rupee-yen exchange stands at about 125—nett price ($87 \times \frac{125}{136}$) ... =	80	—	—
Duty required to restore fair selling price—104 minus 80 ... ... =	—	24	—
Estimated value required for a duty of 24 at 31¼ per cent.	77 = approximately equivalent to landed cost (80)		

On the results shown above, we suggest that the tariff values of piece-goods imported from Japan should for Customs purposes be estimated from time to time at the current landed cost multiplied by the figures shown in the

following table. We have provided in this table only for two rates of valuation since frequent variations would be clearly undesirable. These rates are approximately the averages of the figures corresponding to different ratios of exchange :—

When exchange is not above 115	$1\frac{5}{8}$
When exchange is above 115 but not above 125	$1\frac{3}{8}$
When exchange is above 125	1

It is necessary to provide that once a particular figure is adopted for estimating the value, it should not be altered for a period of at least three months and no new figure should be adopted unless the corresponding ratio of exchange has been in force for at least four weeks. The rates of exchange should be taken at Banks' Selling Rates.

If this scheme is not accepted we propose that the necessary additional assistance should be provided by raising the ad valorem duty on cotton piecegoods from $31\frac{1}{4}$ per cent. to 50 per cent. The increased rate of duty should be in force till the 31st March, 1933. In this connection it is necessary to draw attention to the Indo-Japanese Trade Convention by which India is required to grant most favoured nation treatment to imports from Japan. We believe that there is authority for the view that duties of this kind imposed for the purpose of safeguarding a national industry against the competition of goods imported at unreasonably low prices from another country do not infringe the most favoured nation clause. We recognise at the same time that the issue is controversial and that the Indo-Japanese Trade Convention may be regarded as a bar to the imposition of the additional duty on goods imported from Japan only. In this case we propose that the duty should be made applicable to all goods not of British manufacture. We have shown that Japan is the only country whose export trade to India has gained an advantage by the depreciation of its exchange in relation to Indian currency. There is no logical reason for increasing the duties on imports from countries whose currency has actually risen in value as compared with the rupee. But we regard the phenomenal increase in the imports from Japan as such a serious menace to the Indian industry that an increase in the duties on Japanese goods is imperative, and consequently if the most favoured nation clause in the Trade Convention with Japan is held to bar any proposal to increase the duties on Japanese goods alone, we have no hesitation in recommending that the increase of duty be applied to all goods not of British manufacture. We consider that this proposal will not involve any very serious addition to the consumers' burden for the quantity of goods imported from countries other than the United Kingdom or Japan has in the last three years never reached 5 per cent. of the total imports, while the value of the goods imported from these countries in the last three years has varied between 7.3 and 6.8 per cent. of the total value of imported piecegoods.

Since the fall in prices is not confined either to plain grey goods or to other goods but affects all classes we consider that the additional duty should be levied on all cotton piecegoods. We have made no proposals regarding the specific duty on plain grey goods. Section 3 (5) of the Tariff Act restricts the power of the Governor General in Council to increase or reduce duties to the "higher duty" chargeable on articles not of British manufacture. The specific duty being the same in the case of British and non-British goods is therefore outside the scope of the section. We have also made no proposals regarding yarn, hosiery and other cotton manufactures nor regarding artificial silk goods. The duties on these articles are not included in Part VII of Tariff Schedule II to which section 3 (5) of the Tariff Act is confined."

Decision of the Government of India.—The Government of India in Notification No. 341-T (164) of August 30th, 1932, promulgated its findings in the following terms :—

"In exercise of the powers conferred by sub-section (5) of section 3 of the Indian Tariff Act, 1894 (VIII of 1894), the Governor General in Council,

having considered the report of the Indian Tariff Board presented in pursuance of the Resolution of the Government of India in the Commerce Department, No. 341-T (161) dated the 25th July, 1932, is pleased to increase the duty chargeable under Part VII of the Second Schedule to the said Act on the articles specified in the annexed table to the extent set forth therein and is further pleased to direct that the increased rates shall remain in force until the 31st March, 1933."

TABLE

Article, with number of entry in Part VII of the Second Schedule under which chargeable	Present rate of duty chargeable under the Indian Tariff Act.*	Increased rate of duty †
158. Cotton Piece-Goods (other than fents of not more than nine yards in length) (a) plain grey, that is, not bleached or dyed in the piece, if imported in pieces, which either are without woven headings or contain any length of more than nine yards which is not divided by transverse woven headings— (ii) not of British manufacture	20 per cent *ad valorem* or 3½ annas per pound, whichever is higher.	50 per cent *ad valorem* or 5¼ annas per pound, whichever is higher.
(b) Others— (ii) not of British manufacture	20 per cent. *ad valorem*	50 per cent. *ad valorem*.

*Subject to surcharges bringing the rates up to 31¼ per cent. *ad valorem* and 4⅜ annas per pound.
†Not subject to surcharges.

Indefinite Extension and Further Increase of the Additional Duty on Non-British Textiles.—By Notification 341-T (5) dated the 31st March, 1933, the Government of India amended their notification of the 30th August by omitting the words and figures " and is further pleased to direct that the increased rates shall remain in force until the 31st March, 1933." This extended the duties until such time as they might be the subject of a further notification. Notification 341-T (5) as so amended was superseded by Notification 341-T (8) of 7th June, 1933, which further increased the duties on piece goods not of British manufacture to 75 per cent. *ad valorem* or 6¾ annas per pound, whichever is the higher, in the case of plain grey, and 75 per cent. *ad valorem* in the case of other piece goods.

Inquiry into the Indian Sericultural Industry.—The Government of India, by Resolution No. 607-T (1) of the 3rd

December, 1932, remitted to the Tariff Board the question of protection for the Indian sericultural industry in the following terms "It has been represented to the Government of India that notwithstanding the existing high revenue duty on imported raw silk the recent increase in imports of that commodity from foreign countries constitutes a grave menace to the existence of the indigenous sericultural industry. It has, therefore, been decided that the claims of the industry to protection should be the subject of an inquiry by the Tariff Board. The Board is requested to examine the following questions and to make recommendations:—

(*a*) whether, having regard to the nature and extent of the competition of raw silk from foreign countries, the claim of the sericultural industry to protection has been established; and

(*b*) if the claim is found to be established, in what form protection should be given and to what extent.

In making its recommendations the Board will take into account all relevant considerations including those stated in parts (b) and (c) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923. In particular, the Board is requested to consider how its recommendations will affect the handloom weaving industry."

The inquiry is still proceeding.

CHAPTER V

DETAILED EXAMINATION OF THE LEADING IMPORT TRADES WITH SPECIAL REFERENCE TO CHANGES IN THE CHARACTER, VOLUME AND ORIGIN OF THE IMPORTS DURING THE FISCAL YEAR APRIL 1st, 1932 TO MARCH 31st, 1933

Note.—Unless otherwise stated, the statistics in this section are drawn from the publications of the Department of Statistics, Government of India, and relate to imports on private account only. Since all Indian statistics are now given in rupees and not in sterling, and in view of the labour which would be involved in converting into sterling, the lakh of rupees (Rs.100,000 *or* £7,500 *at* 1s. 6d. *exchange) has been taken as the usual unit. It is fully realised that this is not so convenient a unit as the £ sterling.*

MANUFACTURED AND MAINLY MANUFACTURED GOODS

Cotton Textiles.—*Yarns.*—Partly as a result of improved trading conditions following the subsidence of the political campaign and partly on account of the greater purchasing power of the handloom weavers arising from the realisation of their gold savings and ornaments, the total imports of cotton twist and yarns rose from 31,575,100 lbs. valued at Rs.299 lakhs to 45,103,382 lbs. valued at Rs.379 lakhs. This satisfactory expansion, however, mainly benefited Japan, whose shipments nearly trebled in quantity from 6,206,197 lbs. to 18,148,809 lbs. and doubled in value from Rs.83 to Rs.161 lakhs.

The following table gives the imports of grey yarns arranged according to counts:—

[TABLE]

Counts		1931/32 lbs.	1932/33 lbs.
Nos. 1 to 10	...	Nil	Nil
,, 11 to 20	...	116,584	692,822
,, 21 to 30	...	472,410	717,397
,, 31 to 40	...	12,771,040	19,378,837
Above 40's	...	4,389,223	5,382,496
Twofolds ...	...	3,708,535	5,404,646
Total imports (grey)		21,457,792	31,576,198

In 11's to 20's, the increase was almost entirely secured by Japanese yarns at the expense of China. While arrivals from the United Kingdom remained stationary at 70,000 lbs. weight, those from Japan rose from a trivial quantity to 614,000 lbs. The United Kingdom supplied practically all the imports of 21's to 30's. In the range from 31's to 40's (which are largely 32's and 40's) imports from the United Kingdom rose slightly from 1,223,730 lbs. to 1,410,237 lbs. whereas those from Japan advanced from 375,722 lbs. to 6,232,200 lbs. Arrivals from other countries (mainly China) remained stationary at under 12,000,000 lbs. Counts above 40's were almost solely drawn from the United Kingdom spinners. Imports of United Kingdom two-folds fell from 1,124,278 to 835,896 lbs. and those from other countries from 2,145,307 to 1,716,230 lbs. Imports from Japan, however, rose from 438,950 lbs. to 2,852,520 lbs., the Japanese having regained the trade temporarily lost to the Chinese mills. Japanese imports of grey singles yarn dominated the market during the months between April and October, 1932, owing to the remarkably low prices quoted in consequence of the depreciation of the yen. For example, the price of 40's Japanese yarn—" 5 Stars mark "—which was 15 annas per lb. in April had fallen to 10 annas 3 pies per lb. in December, 1932! These prices include duty and merchant's profit. In two-fold spinnings, the Chinese mills were out of the market in the earlier part of the year, but re-entered it after October, when Japanese arrivals tended to fall off. In January, 1932, Japanese 2/42's " Lion " mark sold wholesale at Re.1. per lb. In December, 1932, the same mark was being sold for 11 annas 6 pies per lb.

The next table sets forth the details of the imports of bleached yarns:—

Counts			1931/32 lbs.	1932/33 lbs.
Nos. 1 to 20	...	...	6,346	3,898
,, 21 to 30	...	...	29,161	53 254
,, 31 to 40	...	...	1,022,819	913,625
Above 40's	...	...	609,356	788,335
Two-folds	...	...	1,971,864	2,294,921
Total imports (white)			3,639,546	4,054,033

The United Kingdom supplied the whole of the imported counts of 40's and below, the Japanese sending merely 16,800 lbs. of 31's to 40's. Similarly, in single bleached spinnings above 40's, Lancashire mills provided 767,765 lbs. as compared with 599,826 lbs. in the previous year. Imports of United Kingdom bleached two-folds rose slightly from 1,548,155 lbs. to 1,673,398 lbs. whereas arrivals from Japan increased from 413,500 to 619,510 lbs.

Coloured yarns were imported as follows:—

Counts	1931/32 lbs.	1932/33 lbs.
Nos. 1 to 20	185,012	204,763
,, 21 to 30	247,580	295,795
,, 31 to 40	506,812	604,462
Above 40's	230,996	227,083
Twofolds	232,227	336,149
Total imports (coloured)	1,402,627	1,668,252

The United Kingdom supplied all the coloured yarns below 31's. In the range of 31's to 40's, 66,290 lbs. were drawn from Switzerland, Italy and Germany. Counts above 40's and twofolds were almost entirely obtained from the United Kingdom.

Imports of mercerised yarns are almost exclusively confined to twofolds, the total arrivals of which rose from 5,025,728 lbs. valued at Rs.75 lakhs to 7,730,329 lbs. valued at Rs.94 lakhs. The Japanese have, for many years, had a virtual monopoly of this trade, their shipments during the past year rising from 4,775,732 to 7,562,989 lbs. in contrast with the arrivals from the United Kingdom which fell from 248,996 to 166,746 lbs.

The sources of supply of yarns of all kinds were as follows:—

Principal Countries of Consignment	1931/32		1932/33	
	lbs.	Rs. (lakhs)	lbs.	Rs. (lakhs)
United Kingdom	11,912,546	1,22	13,357,065	1,32
Switzerland	51,201	1	65,900	1
Italy	142,489	1	5,444	—
China (including Hongkong)...	13,215,238	92	13,325,400	84
Japan	6,206,197	83	18,148,809	1,61
Other Countries	47,429	—	200,764	1
Total	31,575,100	2,99	45,103,382	3,79

Indian Yarn Production.—The imports of cotton yarns are negligible when compared with the large and rapidly growing production of the Indian mills.

	Imports in lbs. (1,000)	Indian Mills Production in lbs. (1,000)
Annual Average for the 5 years 1909/10 to 1913/14	41,794	646,757
1913/14 (pre-war year)	44,171	682,777
1929/30	43,882	833,560
1930/31	29,140	867,279
1931/32	31,575	966,407
1932/33	45,103	1,016,418

The next table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian mills :—

	1913-14 (pre-war year)		1929-30		1930-31		1931-32		1932-33	
	Imports	Production	Imports	Production.	Imports	Production	Imports	Production	Imports	Production
	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)
Cotton twist and yarn—										
Nos. 1 to 20	1,254	492,693	1,047	493,382	454	513,739	308	562,141	901	599,452
Nos. 21 to 25	896	123,995	290	181,245	251	166,344	227	185,887	311	177,343
Nos. 26 to 30	3,686	42,999	395	90,579	227	93,345	523	108,068	757	120,169
Nos. 31 to 40	23,657	19,712	20,050	46,365	14,755	60,747	14,308	71,073	20,908	77,185
Above No. 40	7,859	2,699	9,013	15,279	4,273	27,311	5,252	34,002	6,429	36,594
Two-folds (doubles) ...	—	—	13,053	—	9,170	—	10,938	—	15,766	—
Unspecified descriptions and waste	6,819(a)	679	34	6,710	10	5,793	19	5,236	31	5,675
Total	44,171	682,777	43,882	833,560	29,140	867,279	31,575	966,407	45,103	1,016,418

(a) Includes white twist and yarn which commenced to be shown separately by counts from April, 1927.

It will be remarked that, while 88 per cent. of the total Indian mill producton is still in counts below 31's (mainly in 20's, 21's, 22's, 24's and 30's) the spinning of the finer counts has received a great impetus from the boycott and "Swadeshi" movements of the last three years. The output of counts from 31's to 40's advanced from just over 46 million lbs. in 1929-30 to over 77 million lbs. in 1932-33 (of this total, 40's accounted for 41½ million lbs. and 32's for 18½ million lbs.). The production of counts above 40's has also risen from 15¼ million lbs. in 1929/30 to 36½ million lbs. last year. The movement has been aided by the relatively low prices of Egyptian and American cottons and the reduction of the parity between them and Indian cotton. Imports of American cotton from the United States rose from 9,756 tons in 1930/31 to 28,624 tons in 1931/32 and 45,791 tons in the year under review. Both Bombay and Ahmedabad are now turning to finer counts and, in 1931/32, no less than 22 per cent. of the total production of the Ahmedabad mills was in counts above 30's and 9 per cent. in counts above 40's. The new mills in Ahmedabad are being equipped with the most modern high draught, tape-driven, ring frames purchased at the exceptionally low prices which have been ruling during the past few years. Other mills throughout India are being remodelled and modernised and there is no doubt that the production of 40's and above will continue to increase, particularly if the industry receives further protection against its rivals in Lancashire and Japan.

The Bombay Millowners' Association in their Report for 1932 state that:—

> "the difficulties in the yarn market were similar to those in the cloth market with margins even lower. The prices of 10's and 20's yarns which were 6 and 7¾ annas at the beginning of the year rose to 7 and 9¼ annas by the middle of March, receded to 5½ and 7½ annas by the middle of June, remained steady till the end of July, rose with the August rise in cotton to 6¼ and 8¼ annas, but fell again by the end of October to 5¾ and 7¼ annas, at which figures they ruled till the end of the year. The stock position in the case of yarn was even worse than in cloth, stocks showing practically a steady rise from 13,000 bales at the beginning of the year to 30,000 at the end in spite of the fact that about 12 per cent. of the spindles remained inactive throughout the year."

Piecegoods.—The following table shows the *quantities* of the three main classes of piecegoods imported during the last pre-war year and during the past four years:—

Year	Grey (unbleached)	White (bleached)	Coloured, printed or dyed
	(All in million yards)		
1913-14	1,534.2	793.3	831.8
1929-30	925.5	473.6	483.5
1930-31	365.0	271.6	245.7
1931-32	249.4	279.7	223.2
1932-33	356.0	412.7	424.8

The next statement gives the *values* in the same years :—

Year	Grey (unbleached)	White (bleached)	Coloured, printed or dyed
	£	£	£
*1913-14	16,966,515	9,523,204	11,907,683
†1929-30	15,694,355	9,956,641	11,359,972
†1930-31	5,150,163	4,653,855	5,113,835
†1931-32	2,943,303	3,994,276	3,539,625
†1932-33	3,804,960	5,494,106	6,255,902

* At exchange of 1s. 4d. † At exchange of 1s. 6d.

It will be noted with satisfaction that there has been an increased import of all three main types of cloth from the low-water mark of 1931/32 of no less than 441½ million yards in quantity and £5,077,764 in value. This may be attributed to three main factors. Firstly, the subsidence of the political agitation and boycott campaign has not only permitted freer trading in imported goods, but by restoring open markets and improving confidence, has put renewed " heart " into those few sorely-tried dealers who have maintained their overseas connections. Secondly, the export of Rs.65½ crores worth of gold, a great part of which represented the savings of the population in the form of coin, ornaments or jewellery, has released a considerable amount of purchasing power and has enabled the cultivator to tide over the acute agricultural depression without reducing his consumption to the desperately low level which would otherwise have been inevitable. Lastly, and most important of all, was the depreciation of the yen exchange from a normal parity of Rs.137 to Rs.100 in August, 1932, and to Rs.83 at the end of that year. This enabled Japanese shippers to quote rupee prices which defied competition even from the Indian mills and which were sufficiently low to stimulate the purchases made possible by the increase in the general purchasing power brought about by the sales of gold. During the months of April, May, June, July and August, the market was flooded with Japanese goods, and although the volume tended to decrease in the autumn months as a result of the increase in the duties on non-British piecegoods to 50 per cent. from September 1st, Japanese piecegoods of cotton and artificial silk dominated the market throughout the entire year. The increased imports into Bombay from Japan in June, 1932, were more than 135 per cent. over and above the corresponding imports in June, 1931, whereas the increase from other countries during the same period was only 9 per cent.

The following table, which gives the declared value per yard, in rupees, annas and pies, of the three main classes of goods over a period of years, affords the clue to the revival in imports :—

Cotton Piecegoods	1913-14	1928-29	1929-30	1930-31	1931-32	1932-33
	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.
Grey (unbleached)	0 2 8	0 3 10	0 3 7	0 3 0	0 2 0	0 2 3
White (bleached) ...	0 2 11	0 4 5	0 4 6	0 3 8	0 3 1	0 2 11
Colour, printed or dyed	0 3 5	0 5 6	0 5 0	0 4 5	0 3 8	0 3 2

It will be observed that, for the first time during the past twenty years, the average prices of imported piecegoods fell below the rates ruling in 1913/14. I have, in these reports, consistently stressed the fact that as the ryot is only receiving prices far below the 1913/14 level for his staple crops and, moreover, 22½ per cent. of his income is spent on certain definite fixed charges such as rent, rates of all kinds and taxes, he has less than enough to meet fixed charges and less than nothing with which to purchase necessities. The realisation of his savings in gold at a good profit coupled with the lower prices at which cloth was made available resulted in the improvement last year. It should be noted, however, that the situation is entirely dependent upon the exports of gold and cannot be considered to be satisfactory until India's export balance in merchandise increases by at least Rs.50 crores as a result of world recovery.

The average declared rates given above do not convey a true impression of the phenomenally low rates quoted for Japanese goods. By the end of June, 1932, c.i.f. prices of Japanese cloth and yarn had been reduced by 25 to 30 per cent. and forward quotations showed a further heavy decline whereas the Indian Tariff Board reported in August that all the forward quotations they had seen for piecegoods of United Kingdom origin showed an increase ranging, according to the class of goods, from 1.39 per cent. to 37 per cent., and Continental quotations showed little change.

Varieties of Piecegoods imported.

Grey (unbleached)	1913-14 (pre-war year)	1929-30	1930-31	1931-32	1932-33
		(All in	million	yards)	
Dhooties, saris and scarves ...	806.1	501.1	171.0	83.6	138.8
Jaconets, madapollams, mulls, etc.	150.4	53.0	19.3	23.7	26.8
Longcloth and shirtings ...	545.4	340.1	166.3	133.8	182.8
Sheetings	.2	14.7	4.1	3.7	5.1
Drills and jeans	21.3	13.4	2.4	2.9	1.3
Other sorts	10.8	3 2	1.9	1.7	1.2
Total	1,534.2	925.5	365.0	249.4	356.0

The improvement is most noticeable in grey dhooties and grey shirtings. Bordered dhooties is still a predominantly Lancashire trade which has suffered more than any other by the boycott in Bengal and by the substitution of Ahmedabad and Bombay dhooties. The output of dhooties in Ahmedabad in 1932/33 was 353,096,463 yards and in all India 1,096,807,246 yards. The recovery in the import trade was largely confined to white-yarn dhooties and other specialities, and there has as yet been no recovery in the bulk trade in shirting dhooties. In 1932 Japan supplied 53.7 million yards. The heavy advance in shirtings represents Japanese trade and proves that Japan has been able to sell freely despite the increase in the import duty—in fact prices of certain standard Japanese qualities in December were actually lower than in the earlier part of the year when import duties were 1¾ annas per lb., or over 18 per cent. lower. Japan supplies practically the whole of the sheetings, drills and jeans and the figures tend to show that the higher duties have restricted her trade.

White (bleached)	1913-14 (pre-war year)	1929-30	1930-31	1931-32	1932-33
		(All in million yards)			
Dhooties, saris and scarves ...	104.3	45.5	15.4	1.9	3.6
Jaconets, madapollams, mulls, etc.	307.9	219.7	135.2	155.2	229.2
Longcloth and shirtings ...	115 3	104.1	71.9	79.8	109.7
Nainsooks	204.7	53.1	25.9	21.5	30.9
Drills and jeans	5.7	6.6	3.8	4.1	4.4
Checks, spots and stripes ...	16.1	12.0	3.7	3.8	7.9
Twills	8.3	16.8	7.7	3.7	11.4
Other sorts	31.0	15.8	8.0	9.7	15.6
Total	793.3	473.6	271.6	279.7	412.7

The figures reflect a material improvement in the markets for white shirtings and mulls in Karachi and Amritsar. The output of bleached goods from Indian mills is still very small and there is no possibility of substituting "Swadeshi" cloth. So far as white mulls are concerned, the increase has probably been secured in the main by Lancashire, although imports from Japan rose from 3.2 million yards in 1931 to 18½ million yards in 1932. In white shirtings imports from Japan rose from 35.2 million yards in 1931 to 55.7 million yards in 1932. Despite the heavy duties, prices of Japanese shirtings were considerably lower at the end of the year than at the beginning. Similarly in the case of nainsooks, which are mainly taken by Calcutta, imports from Japan advanced from half a million yards in 1929 to 4.9 million yards in 1930, 11.6 million yards in 1931 and 20.3 million yards in 1932. Wholesale prices at the end of the year were slightly higher than at the beginning.

Coloured, printed or dyed	1913-14 (pre-war year)	1929-30	1930-31	1931-32	1932-33
	(All in million yards)				
Dhooties, saris and scarves ...	115.2	33.0	19.1	8.7	18.2
Cambrics, etc.	113.6	43.5	20.5	19.7	40.6
Shirtings	152.6	105.6	54.7	62.9	115.6
Prints and chintz	209.7	61.3	33.7	23.0	50.5
Drills and jeans	30.0	86.6	33.3	32.9	71.4
Checks, spots and stripes ...	19.7	26.2	12.5	5.1	12.8
Twills	31.4	36.6	16.0	17.8	22.6
Other sorts	159.6	90.7	55.9	53.1	93.1
Total	831.8	483.5	245.7	223.2	424.8

Imports of coloured goods suffered severely from boycott activities, as they are of unmistakably foreign origin. They have also been reduced in recent years by the substitution of cheap Japanese artificial silk taffetas. It is encouraging, therefore, to note that they nearly doubled in the year under review, the advance being most marked in the case of dyed and printed shirtings, printed drills, prints and chintz, cambrics, and printed saris. Japan's interest is mainly in printed goods, notably shirtings, drills, flannelettes and prints and chintz, the imports from Japan of these four items being :—

	1931 (Million Yards).	1932 (Million Yards)
Printed shirtings	17.1	53.3
,, drills	14.3	40.7
,, flannelettes... ...	3.1	9.2
Prints and chintz	5.1	16.1

So far as dyed goods are concerned, the competition from Japan has not been so marked as in the case of bleached and printed goods, imports of the principal Japanese lines being as follows :—

	1931 (Million Yards)	1932 (Million Yards)
Dyed drills	4.6	8.4
,, flannelettes	2.4	8.0
,, shirtings	12.2	16.0
,, twills	1.0	4.9

Woven coloured goods have suffered from the substitution of printed cottons and artificial silk goods. On the whole, Japan would seem to have lost ground in this heading except in the case of woven coloured lungis and sarongs, of which her imports in 1929 were ½ million yards; in 1930, 3.1 million yards; 1931, 6.1 million yards and, in 1932, 7.4 million yards.

Sources of Imports.

(1) *Grey Goods.*

Countries of Consignment	1931/32 Yards	1931/32 Rs. (lakhs)	1932/33 Yards	1932/33 Rs. (lakhs)
United Kingdom	59,679,324	96	111,073,646	1,76
China	3,953,960	6	683,430	1
Japan	185,215,899	2,89	243,949,344	3,29
United States	482,645	1	259,065	1
Other Countries	68,274	—	54,328	—
Total	249,400,102	3,92	356,019,813	5,07

The total may be sub-divided between :—

	1931/32 Yards	1931/32 Rs. (lakhs)	1932/33 Yards	1932/33 Rs. (lakhs)
Plain grey goods	165,999,746	2,70	217,542,762	3,08
Bordered grey goods	83,400,356	1,22	138,477,051	1,99

It is with modified satisfaction that one can record that imports from the United Kingdom have increased in greater proportion than those from Japan. The remarkable fall in Japanese prices is clearly shown by the fact that a quantitative increase of 58,733,445 yards only resulted in an increase in value of Rs.40 lakhs. Japan has almost completely ousted the product of the Chinese mills from the market as a result of the depreciated yen. Until the valuable trade in dhooties recovers as a result of improved purchasing power and consequent demand for the finer qualities, it is difficult to see how Lancashire can regain any material proportion of her trade in grey goods. In 1929/30, no less than 443 million yards of the 520 million yards of grey goods imported from the United Kingdom consisted of bordered dhooties. Since that year, however, the production of the Indian mills has advanced from 776 million yards to 1,096,807,246 yards.

(2) *Bleached Goods.*

Countries of Consignment	1931/32 Yards	1931/32 Rs. (lakhs)	1932/33 Yards	1932/33 Rs. (lakhs)
United Kingdom	207,045,989	4,02	281,005,955	5.27
Netherlands	3,549,081	11	2,230,920	6
Switzerland	5,924,399	17	6,491,386	25
Japan	59,820,081	93	120,354,174	1,62
Other Countries	3,342,404	9	2,661,689	12
Total	279,681,954	5,32	412,744,124	7,32

Prior to 1928/29 the United Kingdom held 95 per cent. of the trade in bleached goods. The production in Indian mills was negligible while the competition from Holland and Switzerland largely represented Lancashire grey cloth sent to those countries to receive special finishes in the case of Holland or to be embroidered in the case of Switzerland. In that year Japan contributed exactly 1 per cent. of India's imports. The deepening of the economic depression, which restricted the demand to the cheapest qualities, coupled with the boycott of British goods gave the Japanese industry an opportunity which it grasped with alacrity. In 1929/30 Japanese imports by yardage were 2.9 per cent., in 1930/31 they had risen to 10.3 per cent., they doubled in 1931/32 to 21.4 per cent. and, in the year under review, they attained 29 per cent. Their value in 1932/33 was 22.2 per cent. As I have already stated, Japanese success so far has mainly been in respect of shirtings, nainsooks and mulls. They met with some difficulty at first in producing mulls of marketable quality, bleach and finish, but their shipments of this type rose from 3.2 to 18.4 million yards in 1932 and arrivals were particularly heavy during the last six months of the year showing that the higher duty of 50 per cent. was completely ineffective. There is no doubt that they are making a definite bid for the enormous cheap mull trade in N.W. India, as their share of the value of the bleached goods imports into Karachi rose from 5 to 11 per cent. last year. Japanese competition in bleached goods is a permanent factor which Lancashire will have to face. The trade with the Continent must be seriously affected by the increase in duties, which—although aimed at Japan —must also apply to other non-British countries until the commercial treaty with Japan lapses in October, 1933. Other countries supplying small values in 1931/32 were Italy, Austria, the United States and France, but most of these were Dutch and Swiss goods in transit shipped from Italian and French ports.

(3) *Coloured, Printed or Dyed Goods.*—The heading is made up as follows :—

Description	1931/32		1932/33	
	Yards	Rs. (lakhs)	Yards	Rs. (lakhs)
Printed goods	104,912,165	2,08	236,943,105	3,97
Dyed goods	92,968,390	2,29	147,732,725	3,37
Woven coloured goods ...	25,362,713	68	40,120,105	1,00
Total imports	223,243,268	5,05	424,795,935	8,34

The provenance of the imports was as follows:—

Countries of Consignment	1931/32		1932/33	
	Yards	Rs. (lakhs)	Yards	Rs. (lakhs)
United Kingdom	110,270,875	2,85	194,326,118	4,88
Germany	521,306	4	587,113	5
Netherlands	3,074,350	10	2,544,398	8
Belgium	204,566	1	232,266	1
Switzerland	1,611,989	7	3,320,963	14
Italy	9,924,457	26	7,197,129	19
Straits Settlements	424,339	1	238,014	1
Japan	94,668,416	1,63	214,225,744	2,92
Other Countries	2,542,970	8	2,124,190	6
Total	223,243,268	5,05	424,795,935	8,34

The recovery in printed and dyed fabrics is encouraging and it is satisfactory that the United Kingdom has secured its due share, although the total United Kingdom shipments at under Rs.5 crores compare unfavourably with a total of Rs.12 crores in 1928/29—the last normal year. I have already referred to the details of Japanese imports, which are still being maintained in ever-increasing volume in spite of the duties. Italian competition is keenest in dyed goods, notably dyed twills, Italian cloth and satteens and unspecified descriptions. Holland competes in printed lungis, woven lungis and sarongs and dyed shirtings. Switzerland supplies mainly dyed goods such as cambrics and muslins, which are also embroidered. Continental competition will show a marked decline next year on account of the prohibitive duties.

(4) *Fents of all descriptions.*

This valuable trade, which reached its zenith in 1927/28 with an import of Rs.94 lakhs worth, fell to Rs.16 lakhs in 1930/31, but has now improved to Rs.52 lakhs thanks to an increased demand from Bombay and Karachi, the two principal markets.

Countries of Consignment	1931/32		1932/33	
	Yards	Rs. (lakhs)	Yards	Rs. (lakhs)
United Kingdom	6,501,629	13	10,713,179	19
U.S.A.	16,366,164	23	19,404,640	30
Other Countries	420,777	1	1,600,971	3
Total	23,288,570	37	31,718,790	52

The trade has expanded in value considerably since the war but the yardage is still below the pre-war average of 37 million yards. Manchester shippers with their elaborate system of stitching and making-up supplied the market up to ten years ago, when New York merchants realised that good prices were obtainable in India for what they had hitherto regarded as a waste product. They have now for some years consistently sold their fents in India at prices much below United Kingdom quotations, but they have not adopted such an elaborate make-up and packing:—

Shares of the principal competitors in the total quantities of piecegoods imported.

Countries of Consignment	1913-14 Per cent.	1928-29 Per cent.	1929-30 Per cent.	1930-31 Per cent.	1931-32 Per cent.	1932-33 Per cent.
United Kingdom ...	97.1	75.2	65.0	58.8	49.4	48.7
Japan	0.3	18.4	29.3	36.1	43.8	47.3
United States ...	0.3	1.5	1.7	1.0	2.5	1.7
Netherlands ...	0.8	1.0	1.1	1.5	0.9	0.4
Other countries ...	1.5	3.9	2.9	2.6	3.4	1.9
Total ...	100.0	100.0	100.0	100.0	100.0	100.0

Indian Mill Competition.—The subjoined detailed statement gives the quantities (in pounds and their equivalent in yards) and descriptions of the woven goods produced in Indian mills during the past three years:—

Description	Twelve Months, April to March		
	1930–31	1931–32	1932–33
GREY & BLEACHED PIECE-GOODS—			
Chadars ... ... lbs.	20,431,764	21,165,097	21,806,961
yds.	53,952,571	55,726,035	58,627,103
Dhooties ... ... lbs.	164,280,916	188,313,977	210,157,183
yds.	831,405,029	964,540,251	1,096,807,246
Drills and jeans... ... lbs.	21,037,263	26,241,466	28,281,001
yds.	80,738,834	103,233,003	112,947,058
Cambrics and lawns ... lbs.	4,069,786	5,806,486	9,038,773
yds.	28,856,989	43,322,303	67,375,107
Printers ... ... lbs.	3,818,419	4,462,874	2,496,990
yds.	19,106,120	21,959,280	13,657,568
Shirtings & longcloth ... lbs.	141,317,010	176,257,232	165,152,344
yds.	642,222,883	790,914,032	748,049,705
T-cloth, domestics, and sheetings ... ... lbs.	32,299,680	42,505,026	39,583,061
yds.	121,900,368	154,407,630	143,691,596
Tent-cloth ... ... lbs.	3,399,164	2,073,519	2,854,127
yds.	8,738,057	4,897,969	6,668,530
Khadi, Dungri or Khaddar ... ... lbs.	60,218,812	41,570,813	39,544,668
yds.	175,212,963	119,520,969	115,499,449
Other sorts ... ... lbs.	9,451,729	11,619,714	12,876,418
yds.	41,356,426	52,582,993	59,673,692
TOTAL ... ... lbs.	460,324,543	520,016,204	531,791,526
yds.	2,003,490,240	2,311,104,465	2,422,997,054
COLOURED PIECEGOODS ... lbs.	117,518,225	138,621,286	150,723,943
yds.	557,642,795	678,786,696	746,901,445
GREY & COLOURED GOODS, OTHER THAN PIECEGOODS lbs.	3,178,666	3,237,696	3,542,296
dozs.	779,365	831,344	946,971
HOSIERY ... ... lbs.	1,667,834	1,974,815	2,544,339
dozs.	499,683	622,659	746,341
MISCELLANEOUS ... ... lbs.	4,225,198	5,362,410	4,291,948
COTTON GOODS MIXED WITH SILK OR WOOL ... ... lbs.	3,443,498	3,045,221	2,007,004
GRAND TOTAL lbs.	590,357,964	672,257,632	694,901,056
yds.	2,561,133,035	2,989,891,161	3,169,898,499
dozs.	1,279,048	1,454,003	1,693,312

While there has been a slight reduction in the rate of increase, the total output of 3,169,898,499 yards is in striking contrast to the total imports of 1,225,278,662 yards. It is noteworthy that the only types of cloth which show important increases are dhooties, the production of which advanced by 132,267,000 yards to 1,096,807,246 yards and coloured goods, which rose from 678,786,696 yards to 746,901,445 yards. There was actually reduced production of grey shirtings; T-cloths, domestics and

sheetings; and Khaddar. Japanese competition has been particularly insistent in these types of cloth. It will be remarked that the increased production of the mills has been mainly in the standard types of plain goods, which they have produced for decades. There is very little evidence of diversification of production on any extensive scale. When stocks accumulate, as they have done at the close of the period under review, the fact that they are of only a few standard qualities tends to render their disposal more difficult and to depress market prices unduly. It is probable that when purchasing power revives, consumers will be disposed to return to the more varied choice of styles among imported fabrics provided these can be marketed at rates which they are able to afford to pay.

The Committee of the Bombay Millowners' Association in their report for 1932 review the year as follows:—

"The attempts to revive the Civil Disobedience Movement and the promulgation of Ordinances dislocated trade in the early months of the year. In Bombay, particularly, the picketing of foreign cloth shops by Congress volunteers and the arrests of the latter led to the practical closing of the Mulji Jetha Market for nearly two months. As most of the merchants with whom Bombay mills deal had their shops there, it became difficult for mills to transact any business. A portion of the market was eventually set apart specially for those traders who dealt in "Swadeshi" goods only, but it took some time before normal business relations were established. The difficulties of Indian mills due to the advantage which Japan continually obtained through the fall in exchange continued to the end of the year, and were even greater than those caused by political events. At the end of 1931, The Rupee/Yen exchange was 153; it declined continually and eventually reached the low level of 82, and thus at every stage of the fall in exchange, previous purchases of cotton proved to be profitable to Japan, and at the same time the cost of manufacture converted into rupees continually declined. Japan thus enjoyed the double benefit of cheap cotton and continually falling manufacturing costs as expressed in rupee currency. The Rupee/Yen exchange having depreciated to a little over Rs.100, the position became so serious that representations had to be made to the Government of India who referred the question to the Tariff Board which was already carrying out an inquiry into the Cotton textile industry. On the recommendations of the Tariff Board, Government enhanced the duty on cotton piecegoods not of British manufacture to 50 per cent. The surcharge of 11¼ per cent. that was levied for revenue purposes was discontinued when the additional duty was levied. When the Tariff Board considered the reference, the exchange was about 104, but by the time Government took action, the Yen had fallen to 88, and by the end of the year, to 82. The advantage that Japan, therefore, enjoys in the Indian market in spite of the enhanced duty may be easily judged.

At the beginning of the year, with Broach round Rs.200, standard shirtings were quoted at 10 annas a pound. With the rise in cotton prices, cloth prices also advanced, and by the end of March, prices had increased to 11½ annas. With the decline in cotton, cloth prices also declined, but more rapidly than cotton, partly owing to accumulating stocks consequent on the closing of the markets and the riots in Bombay, and partly owing to the low prices of Japanese cloths. The revival of cotton prices from the middle of June was not reflected in local cloth prices which continued to fall, and some contracts are reported to have been entered into in the middle of July at the very low price of 9½ annas. The rise in cotton consequent on the first United States of America Bureau estimate gave a spurt to the Cloth Market, and by the time the second estimate was published fairly large contracts were

entered into at 11 annas a pound. Prices declined thereafter half an anna, and they remained steady for some time and confidence was being established when a group of mills effected sales in the first week of October at 10 annas a pound, followed three or four days later by another group cutting prices further a quarter anna.

Stocks of cloth which were 132,000 bales at the end of 1931 diminished to 120,000 bales by the end of February, after which there was a continuous rise till August when the stocks were over 168,000 bales. There was a seasonal decrease during September, October and November though the decrease was not as large as is usual, but by the end of December stocks again rose by 6,000 bales and stood at 154,000 bales."

Cloth Consumption of India.—The following table, compiled by the Director-General of Commercial Intelligence, gives a rough estimate of the quantity of mill-made cloth which was available for consumption in India during the year 1932/33 and during the past four years. The Director states that, owing to the existence of numerous markets and scattered demands, it is not possible in this table to take stocks into consideration.

	1913-14 (pre-war year)	1928-29	1929-30	1930-31	1931-32	1932-33
	Million yds.	Million yds.	Million yds.	Million yds.	Million yds.	Million yds.
Indian mill production	1,164.3	1,893.3	2,419.0	2,561.1	2,989.9	3,169.9
Imported goods ...	3,197.1	1,936.8	1,919.3	890.0	775.6	1,225.3
TOTAL PRODUCTION AND IMPORTS ...	4,361.4	3,830.1	4,338.3	3,451.1	3,765.5	4,395.2
Exported, Indian	89.2	149.2	133.4	97.7	104.6	66.4
,, Foreign	62.1	24.2	22.2	17.4	15.7	21.6
TOTAL EXPORTS ...	151.3	173.4	165.6	115.1	120.3	88.0
BALANCE AVAILABLE ...	4,210.1	3,656.7	4,182.7	3,336.0	3,645.2	4,307.2

It will be observed that whereas in 1913/14 imports provided three-quarters and the Indian Mills one-quarter of the machine-made cloth available for consumption in India, in 1931/32 the Indian mills produced 80 per cent. and imports provided only 20 per cent. of the available balance for consumption. Of this 20 per cent., the United Kingdom, as we have seen, supplied just under one-half, or approximately 10 per cent. of the cloth consumed in the country.

Conditions in the Large Import Markets.

Bombay.—I am indebted to a leading Authority who has been in close touch with the market throughout the year, for the following summary of conditions :—

" The year under review opened in a most disappointing manner due to entirely unexpected communal disturbances between Hindus and Mohammedans. These disturbances became so serious that throughout the months of May, June and July business practically ceased. During the month of July, foreign piecegoods dealers, owing to continual molestation by Congress pickets, vacated the Mulji Jetha Market in a body and established a new market at Kalbadevi Road within the Fort area. This extreme step has proved to be a correct one, as in spite of many handicaps, dealers were able to resume peaceful trading.

Early in August, the first American Bureau Report was published and being construed bullish, resulted in an advance in price of the raw material. Up to this time, the market since the resumption of trading after the communal troubles, remained very weak due to the anxiety of dealers to liquidate their large stocks. Following the Bureau report, however, the position became more encouraging but once again this improvement was only short-lived and towards the end of the month sellers again predominated.

Upon the 1st September, Government enhanced the import duty on all foreign cotton piecegoods, excluding imports from the United Kingdom, to 50 per cent *ad valorem* and this stimulated the market somewhat for a little time. Unfortunately, however, dealers had scarcely settled down to this new state of affairs when the second American Bureau Report published on the 8th brought about a heavy decline in cotton prices. Up country demand consequently fell away considerably.

October was conspicuous for extreme quietness, poor enquiry from consuming centres coinciding with many anxious sellers in the market. The important Hindoo Devali festival was a complete failure and reported to be the most gloomy ever witnessed, the usual brilliant illuminations being absent. After a long spell of quietness, November brought about a little activity particularly during the second half of the month. The Prints, Fancies and Dhooties Sections received the best attention, enquiry for Bleached Goods being counteracted by severe competition from Japanese sorts. Fresh forward business was attempted about this time but generally only small purchases were effected owing to the firmness of Home suppliers.

The closing month of 1932, however, witnessed an all-round improvement in demand, but from the commencement of 1933 until the close of the period under review, the position again altered for the worse and poor enquiry, weak sellers and declining prices prevailed.

Far East Competition.—This competition is probably the most discussed subject in the piecegoods trade of to-day. A study of the following figures, however, shows clearly that whatever the cause, the Indian markets are being flooded with goods from Japan to the detriment of imports from the United Kingdom.

Imports into Bombay. Japan vis-à-vis U.K.

	1932/33 more than 1931/32		1932/33 more than 1930/31	
	U.K.	Japan	U.K.	Japan
Plain Greys ...	19½%	29¾%	91%	22¾%
Whites	53%	237%	1¼%	459%
Prints	177%	317½%	34½%	693½%
Dyed	97%	86½%	52¼%	126%
Woven	232%	195%	38¼% (less)	104%
Cotton & Art Silk ...	129%	47%	95%	404%
All piecegoods ...	86¾%	98½%	34½%	181¾%

It will be seen that Japan's imports in 1932/33 compared with 1930/31 show an increase of 181¾ per cent. against an increase of 34½ per cent. in the case of the United Kingdom imports. Particular attention should be paid to the increased Japanese importations in 1932/33 as compared with 1930/31 in the case of Whites, Prints and Cotton and Art Silk Fancies Sections.

In Yarns also the same position prevails inasmuch as competition from Japan and China has practically precluded the United Kingdom from entering the market as a serious competitor.

All Yarns. Imports into Bombay.

1932/33 more than 1931/32		1932/33 more than 1930/31	
U.K.	Japan/China	U.K.	Japan/China
4¼%	67½%	¼%	127%

Continental and other Foreign Competition.—Imports from these sources show some falling-off due to the very adverse conditions with which the Continental shippers have had to contend, i.e., depreciated sterling and during the latter half of the period under review, a further increase in duties to 50 per cent. *ad valorem.* There is a slight increase, however, in the importations from Switzerland chiefly due to increased takings of Swiss embroideries. It should be noted that this particular business is largely conducted upon a consignment basis and during the latter quarter of the year sales have been very poor, leading to accumulating stocks.

To illustrate the position we give the following figures :—

All Piecegoods.	1932/33 compared with 1931/32	1932/33 compared with 1930/31.
Italy	5¾% less	7% less
Belgium ...	1¼% less	30% less
Germany ...	40% more	1¼% less
Holland	50% less	48½% less
Switzerland ...	14% more	73¼% more
U.S.A. (mainly fents)	60½% more	158½% more

It will be noticed that imports from Holland show a big fall; this is principally due to the severe competition from Japan in White Shirtings which has led to greatly curtailed imports of the well-known Dutch shirtings.

In woollen goods, the Continent has still a certain amount of business left but the operation of the Ottawa Tariff Agreement will very likely divert a considerable percentage of this business to the United Kingdom in due course.

Dealers.—It is very doubtful if dealers generally have made money upon their turnover in 1932/33. Nowadays, there are very few of the large old-established dealers still in the trade and it is becoming increasingly difficult to select sound parties with whom to trade in quantity. This is particularly the case in the Fancies section where there are many petty dealers working the cheap Japanese goods which can be turned over very quickly."

Calcutta.—A leading Authority in the piecegoods trade writes as follows :—

"As is known, Calcutta imported in 1932 considerably more goods than in 1931; but it is noteworthy that whilst the increase in European goods was only some 13,500 packages, that in Japanese goods was over 62,000 packages, and that in Indian Mills goods (by sea) was over 83,000 packages. So that Lancashire lost very considerable trade not only to

Japan (as was to be expected owing to both cheaper production costs and " dumping " methods of the latter) but also to the Indian Mills. It is also significant to note that although, admittedly, dealers cannot have made money on their Japanese goods (owing to declining prices and to very severe competition) still, they must continue to stock these goods, always well enquired for, if they wanted to " be in the trade " at all. The same applies to the Indian Mills goods though to a lesser degree and though these latter are as a rule handled by different classes of dealers.

More or less the same conditions have so far prevailed this year (1933); but with the increased import duties now in force, it is generally expected that importations of Japanese goods during the next few months are bound to be checked to some extent, and, of course, if duties on them are further increased there will be a further considerable curtailment in the future.

Generally, and barring rare exceptions, the period under review has not been profitable to buyers, even for Lancashire goods, and therefore a certain lack of confidence continues to prevail among the great bulk of dealers, even when the home markets are comparatively strong as they are just at present. For the last 18 months or so the prevailing feeling of hesitancy has variously been intensified, at times, by the uncertainty of both the economic and the political situation of the world. The future course of business at this port will, of course, also depend on what the bulk of the people of all the neighbouring districts will be able to make from the sales of their jute and other produce."

Karachi.—A prominent Karachi Importer writes as follows :—

" According to the Karachi Chamber of Commerce monthly Statistics the total imports of piecegoods into Karachi during 1932 were 168,339 packages against 109,759 packages in 1931 which shows an increase of about 58,500 packages compared with the importations in 1931.

It is noteworthy that of the 168,339 packages imported in 1932, 52,774 packages were Japanese goods representing 31.35 per cent. of the total importations. Accurate figures of Japanese importations in 1931, for the sake of comparison, are unavailable, but these are estimated to be about 23,000 packages representing 20 per cent. of the 1931 total importations.

It will be seen from the above that there has been a very considerable increase in the Japanese importations during the past year. It can safely be said that the bulk, if not all, of the increase in the imports of 1932 was not due to a genuine improvement in the demand from the consuming centres but to speculative buying and " own account " importations of Japanese goods which were, so to say, " dumped " on the market at prices defying competition.

As a result of this Japanese business our market is overstocked and with the recent decline in prices buyers are now losing heavily on their holdings.

The present position of our market is one of uncertainty and deliveries of Japanese goods are withheld in expectation of a further rise in the import duty of Japanese goods.

Owing to the heavy losses sustained by piecegoods dealers during the past six months or so, it is reported that the Karachi and Amritsar Piecegoods Merchants Associations have passed various resolutions aiming at restricting business during the next few months.

The course of our market in the immediate future is therefore obscure."

Madras.—An importing firm report as follows :—

" The year 1932 was not an eventful one so far as the piecegoods and yarn trade in Madras is concerned. The dealers having gained some money in their arrivals during the first part of the year they indented for a larger quantity to arrive in the latter part of the year on which they lost money owing to the failure of the anticipated seasonal demand such as "Deepavali"

due to the decline in the prices of foodstuffs and the other agricultural products which has crippled the buying power of the ultimate consumer. Consequently there was a lot of overtrading in the year under review. The total imports of Lancashire piecegoods and yarns for 1932 are 68,600 packages, a good part of which are still in the hands of importers, as against 47,715 packages imported in 1931. The business in Lancashire piecegoods is also very adversely affected by the heavy dumping of Japanese goods in the market. The dealers in this section are reported to have lost even more heavily than in the Lancashire. In spite of the increase in duty on Japanese goods in September, 1932, the dealers are able to place the Japanese goods very cheaply in the market with no profit to themselves and also to the detriment of the Lancashire and local mill goods trade. The imports of Japanese goods during 1932 into Madras amounted to 25,677 packages as against 16,324 packages imported in 1931. The increase is more marked in grey shirtings, printed goods, and artificial silk yarns. As regards the year 1933, the business so far has been very much restricted. The further fall in the prices of foodstuffs and the other agricultural products has intensified the poverty of the consumers who are unable to find money to pay the Government revenue and provide themselves with bare necessities of life.

Unless therefore something unforeseen happens in the meanwhile to improve the buying power of the consumer we do not anticipate a change in the situation and the trade will be of a hand to mouth character."

Delhi.—The situation is described by a correspondent as follows:—

"During the first half-year this market showed signs of improvement. Congress obstructions were reduced to a minimum by Government measures and the dealers were emboldened to deal more freely. Orders, however, were not on a large scale and the goods which arrived were taken up immediately.

Japanese goods remained in good demand until June when the prices of their goods dropped and this downward tendency is still continuing. Dealers generally are uneasy about their Japanese holdings as their losses have increased. Mohammadan dealers, who are large buyers of Japanese goods, recently petitioned the Local Government to impose heavy tariffs to restrict imports but so far without result.

Stocks held in the Banks' godowns are very low. Fair business was placed for shipments during the monsoon months (July/September) both with Manchester and the Continent. Bazaar estimates about 10,000 packages have so far been booked. American fent business was done on a fair scale.

The market was inactive until August when large shipments from Manchester and the Continent began to arrive. During September and October sales of woollen piecegoods were fair but about the second week of November the market became quiet and continues dull. Arrivals of winter goods during the past half year were on a fair scale and dealers were able to dispose of their stocks at a good profit.

The reasons for the depression towards the close of the year were not political, but economic and the condition of the ryot was unsatisfactory owing to the low price of cotton and grain crops.

Japanese goods remain very popular and have lowered the consumption of staple qualities from Manchester and the Indian Mills. White Shirtings especially have been affected by cheap shipments from Japan. The dealers in this market get most of their supplies of Japanese goods from Calcutta and Bombay and not direct.

It is estimated that the total foreign piecegoods imports from all sources into this market were about 10,000 packages during the past six months and dealers were able to dispose of most of their stocks. The absence of winter rains caused anxiety to cultivators at the end of the year.

The imports of fents from America during the latter half-year were on a moderate scale."

Amritsar.—A banking correspondent writes as follows :—

"Trade conditions in the Amritsar market during the financial year 1932/33 remained fairly satisfactory. The import of piecegoods during the period show a marked increase as compared with the preceding year. The market remained free from Congress interference which resulted in the dealers selling freely and a fair turnover thus materialised.

As compared with recent years a considerable amount of business was done in Lancashire and Continental goods. But for the flooding of the market by the Japanese at cut-throat prices this increase would have been more marked. Japan took a very large share of imports in this market and apart from silk piecegoods they have captured other lines of business, especially in the sundries market.

Stocks of piecegoods have accumulated and at present are heavier than normal. But with the harvesting of the crops it is expected that there will be a better demand for seasonal goods. Dealers at present are not booking further orders as they expect Government to take further action in connection with the dumping of piecegoods by the Japanese."

Cawnpore.—An exchange banker in Cawnpore writes :—

"There can be little doubt that of late years Cawnpore has been losing its importance as a distributing centre for foreign piecegoods in favour of Delhi and Amritsar. The latitude allowed to the Congress (which has many supporters in Cawnpore) during the boycott period has also helped to kill the trade, which continues principally in the hands of Hindus. A few Mohammedan traders took up this business about two years ago but have not made much progress.

During the last year, business in Cawnpore has been on a *very* restricted scale with low prices, and in absence of bulk sales, dealers cannot have made money. The outlook for foreign piecegoods is for the time being very uncertain, and we do not expect to see much fresh business for a long time to come. We consider that this class of business will be done on a much smaller scale than in the past.

The former average annual total of imports in foreign piecegoods to Cawnpore was estimated in round figures about Rs.2 crores, of which one crore imported directly by Local Importers, and the balance brought in from Calcutta, Bombay, Amritsar and Delhi. In the year under review the figures must have been a mere shadow, as compared with previous years. Japanese piecegoods competition is spoiling the market for any other make of piecegoods."

General Forecast.—(June, 1933). The future so largely depends upon unknown factors, such as the degree of protection to be afforded in future to the Indian Mills, and the measure of differentiation or of Imperial Preference to be accorded to the United Kingdom product (as to which see page 87), and the fiscal results of the forthcoming negotiations with the Japanese Government that it is practically impossible to make any close forecast at the present time.

It is, at the time of writing, three weeks since the import duties on non-British cotton piecegoods were raised, under Section 3 (5) of the Indian Tariff Act, from 50 to 75 per cent. and the minimum specific duty on plain grey goods of non-British origin from $5\frac{1}{4}$ to $6\frac{3}{4}$ annas per pound. Although this measure barely offsets the further depreciation of the yen since the duties were last raised in

August, 1932, and the trade in Japanese goods is still active, there is a more hopeful tone pervading the markets for Lancashire goods. Enquiries are now forthcoming for Lancashire staple lines such as grey shirtings, jaconets and dhooties, which have been off the market for a number of years, but, so far, there have been few bulk purchases owing to the disparity in values between India and Manchester due to the firmness in cotton and cloth. All Indian markets are in a very healthy position so far as United Kingdom goods are concerned. Although stocks of Indian mill goods and Japanese varieties are very heavy, holdings of United Kingdom piecegoods are light. Dealers generally have made very meagre profits out of Japanese goods owing to indiscriminate price-cutting and the flooding of markets beyond consumption capacity with consequent disastrous effect on prices. They are therefore more inclined to revert to their old suppliers if they can secure competitive prices and can be safeguarded against further inundations of Japanese goods. There are unmistakable signs of a slight general improvement in the internal movement of commodities as evidenced by those infallible criteria—railway earnings and wagon loadings. The jute industry shows distinct improvement. Despite the heavy stocks, Indian cotton mills have reacted favourably to the raising of the import duties and a distinct improvement is noticeable in the demand for Ahmedabad goods. One may say that the stage is set for an immediate revival so soon as world confidence is restored and prices of primary products begin to rise. In these circumstances, it is not too much to expect a considerably increased volume of buying of Lancashire goods during ensuing months for November-February shipment.

On the other hand the uncertainty prevailing with regard to the future course of the import duties and the consequent speculation tend to retard progress and may prevent the full extent of any reaction in favour of Lancashire goods being realised. During the year 1932/33 the United Kingdom increased its share of the Indian piecegoods market by 210 million yards valued at over Rs.4 crores. I expect this movement to continue.

Raw Cotton.—The following statement, taken from the Indian Trade Journal, compares the estimates of the total outturn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not, therefore, been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has, as usual, been made for extra factory or local consumption. It should be borne in mind that estimates of " carry-

over " from one year to another have not been taken into account owing to complete information not being available regarding stocks.

	Year ending 31st August	
	1932	1931
	Thousand bales (400 lbs)	Thousand bales (400 lbs.)
Exports to United Kingdom ...	125	274
,, Continent (Europe excluding United Kingdom) ...	424	1,003
,, China...	243	626
,, Japan	757	1,753
,, Other Countries	33	73
Total	1,582	3,729
Home Consumption—		
Mills*	2,346	2,271
Extra-factory or local†	750	750
Total	3,096	3,021
Approximate crop	4,678	6,750
Estimated in forecast	4,025	5,226
Excess (+) or deficit (−) neglecting carry-over	+ 653	+1,524

* The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

† Conventional estimate.

The next statement shows the stocks of cotton held by Indian Mills on the 1st August, 1932, and on the 1st February, 1933, (in bales regardless of weight) and is published by the Bombay Millowners' Association :—

	Bombay City and Island		All-India	
	1-8-32	1-2-33	1-8-32	1-2-33
COTTON MILL STOCKS. (In actual bales regardless of weight).				
(a) American (Linters and waste not included).	62,909	22,035	101,416	35,397
(b) East India	119,618	88,163	692,079	591,078
(c) Egyptian	6,002	2,678	19,322	11,377
(d) Sundries	24,318	14,386	59,211	35,024
Total	212,847	127,262	872,028	672,876

Figures from the Cotton Census taken at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Association. (Figures are approximations).

The subjoined table gives the imports of raw cotton into India during the past two years:—

Countries of Consignment	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
United Kingdom	516	4	609	5
Persia	465	2	883	4
Egypt	14,856	1,31	9,135	78
Kenya Colony	32,185	3,17	20,694	1,78
Tanganyika Territory ...	569	5	943	8
Sudan	1,676	17	6,447	66
U.S.A.	28,624	2,23	45,791	3,84
Other Countries	432	4	256	2
Total	79,323	7,03	84,758	7,25

For most of the year under review, the margin between the price level of United States and Indian cotton was reduced to a very low figure with the result that the Indian mills increased their purchases in spite of the import duty of one-half anna per pound imposed as a revenue measure. The progress made by the Indian mills in spinning finer counts of yarn, in order to be able to weave the finer fabrics and so displace foreign imports of the higher grade cloths, accentuated the movement, which is likely to continue, unless, as a result of inflation in the United States, the price of the United States staple soars to a much higher level. The imports of raw cotton from the United Kingdom represent United States cotton shipped from Liverpool. The greater portion of the imports are now shipped direct from the Southern States. In the past, a considerable proportion of the imported Uganda and Kenya cotton was re-exported, but, with the increased demand for the finer types by the Indian Mills, these imports are being retained for domestic use. The total re-exports of raw cotton in 1932/33 amounted only to 118 tons valued at less than Rs.1 lakh.

Cotton Sewing Thread.—The imports were as follows:—

Countries of Origin	1931/32		1932/33	
	lbs.	Rs. (lakhs)	lbs.	Rs. (lakhs)
United Kingdom	1,626,791	47	1,793,707	49
Other Countries	243,949	6	279,226	7
Total imports	1,870,740	53	2,072,933	56

The recovery is satisfactory and the total weight imported approximates to the 1928/29 figure and is far in excess of the pre-war average of 1,598,000 lbs. The United Kingdom retains its position vis-à-vis the principal competitors—Holland and Austria. Sewing cotton, as such, is not manufactured in India but a certain amount of yarn, imported in the hank, is then re-wound on reels in Bombay and sold as sewing cotton.

Artificial Silk-*Yarns*.—A considerable recovery is to be recorded, the imports into Madras advancing by over 1,470,000 lbs. due to increased purchasing power of the handloom weavers of South India as a result of large realisations of gold savings. Arrivals at Bombay improved by 1,070,000 lbs. as a result of the decline of the boycott movement resulting in increased takings by Bombay and Ahmedabad mills. The further heavy fall in prices is shown by the fact that a total increase of 3,039,547 lbs. weight only represents an advance of Rs.10¼ lakhs in value. The imports were:—

Countries of Consignment	1931/32		1932/33	
	lbs.	Rs. (lakhs)	lbs.	Rs. (lakhs)
United Kingdom	999,066	11	1,656,450	14
Germany	323,674	3	406,343	3
Netherlands	1,003,088	10	847,160	7
France...	727,424	7	360,129	3
Switzerland	291,430	3	67,816	1
Italy	3,899,354	41	5,608,756	48
Japan	436,045	4	1,798,903	14
Other Countries	282,465	3	256,536	2
Total	7,962,546	82	11,002,093	92

The entry of Japan into the market dates only from 1931/32 but it will be noted that her shipments already exceed those from the United Kingdom. A comparison of the quantities with the values gives an indication of the remarkably low prices.

Piecegoods Made Entirely of Artificial Silk.

Principal Countries of Consignment	1931/32		1932/33	
	Yards	Rs. (lakhs)	Yards	Rs. (lakhs)
United Kingdom	409,838	3	429,883	4
Germany	42,655	—	4,806	—
Italy	346,247	1	128,027	1
Japan	73,309,262	2,05	111,703,459	2,46
Other Countries	365,376	2	553,106	2
Total Imports	74,473,378	2,11	112,819,281	2,53

An import duty of 50 per cent. *ad valorem* was in force throughout the period, but, notwithstanding this handicap, imports from Japan increased by Rs.41 lakhs. The phenomenal rate of progression of Japanese shipments is shown by imports in 1930/31 of 22½ million yards, 1931/32 73⅓ million yards and 1932/33 111¾ million yards. The prices at which Japanese goods have been marketed were remarkably low, varying from 4 to 5 annas per yard, inclusive of 50 per cent. duty. At the beginning of 1929, when these goods first became popular, and when the duty was 15 per cent., the wholesale market price was over 8 annas per yard. Since March 1st, 1933, a specific minimum duty of four annas per square yard or 50 per cent. whichever is higher, has been introduced but, notwithstanding this, recent quotations show that the wholesale market selling price in Bombay, inclusive of duty, does not exceed 5¼ annas per yard.

Piecegoods of Cotton and Artificial Silk.

Principal Countries of Consignment	1931/32		1932/33	
	Yards	Rs. (lakhs)	Yards	Rs. (lakhs)
United Kingdom	1,236,354	7	3,147,986	14
Germany	183,314	5	318,781	8
Switzerland	1,974,636	7	987,119	4
Italy	4,865,722	15	4,377,159	21
Austria	270,681	1	626,216	3
Japan	1,259,647	3	2,707,854	6
Other Countries	375,529	2	182,637	1
Total Imports	10,165,883	40	12,437,752	57

During the period under review a duty of 34⅜ per cent. was imposed on silk or artificial silk mixtures, but from March 1st, 1933, a duty of 35 per cent. or 2¼ annas per square yard, whichever is higher,

has been imposed on (a) fabrics composed in part of some other textile than artificial silk and in which any portion either of the warp or of the weft but not of both is artificial silk and (b) fabrics not being artificial silk on which artificial silk is superimposed such as embroidered fabrics. The 35 per cent. *ad valorem* duty only is levied on (c) articles made from such fabrics and not otherwise specified. It is satisfactory to observe that imports from the United Kingdom were doubled both in quantity and value. Arrivals from Italy increased by roundly 50 per cent. in value though there was a falling off in quantity and those from Japan more than doubled in quantity but only increased in value from Rs.3½ to Rs.6½ lakhs. Bombay is the principal market followed by Calcutta, Karachi, Rangoon and Madras in the order named.

Flax Manufactures.—The main types imported were as follows :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Twist and Yarn	*	†
Canvas	8	8
Piecegoods	3	3
Sewing Thread	2	2
Other sorts, including bags and sacks	5	4
Total Imports	18	17

* Rs. 28,412. † Rs. 11,552.

Details of the provenance of the imports are not yet available. In 1931/32 the United Kingdom supplied 94 per cent. of the whole trade, the balance including Rs.19,000 worth of flax piecegoods from France, Rs.4,541 worth of sewing thread from Austria and Rs.2,701 worth from Italy and approximately Rs. 12,000 worth of miscellaneous flax manufactures each from Germany, Austria and Japan.

Jute Manufactures.—The imports of the higher-grade jute manufactures which are included under this heading, after showing a steady decline for some years, rallied during the year under review. The figures are as follows :—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	2	2
Ceylon	10	9
Other Countries	1	2½
Total Imports	13	13½

In 1931/32 the United Kingdom supplied the whole of the Rs.5,000 worth of twist and yarn and almost the whole of the Rs.50,000 worth of imported jute canvas. Ceylon, as usual, supplied Rs.9¾

lakhs worth of secondhand gunny bags re-exported from Australia and transhipped at Colombo. Of the Rs.1½ lakhs worth of miscellaneous jute fabrics, the United Kingdom supplied Rs.¾ lakhs and the Straits Settlements Rs.½ lakh.

Silk Manufactures.—It is significant, as showing an improvement in purchasing power, that the total imports of semi-luxury articles such as raw silk and silk manufactures should show an advance from Rs.273½ lakhs in 1931/32 to Rs.433 lakhs in 1932/33, notwithstanding a 50 per cent. import duty on the manufactured article. This result is due to a remarkable increase in the imports of silk piecegoods from Japan from Rs.72 to Rs.133 lakhs. The imports of the various types were as follows :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Raw Silk	62	1,17
Silk yarns, noils and warps	51	88
Goods of silk mixed with other materials	30	43
Silk piecegoods	1,26	1,81
Sewing Thread	1	1
Total Imports	2,70	4,30

China supplied virtually the whole of the raw silk. Of the yarns, noils and warps, Japan sent 44 per cent., Italy 26 per cent. China 12 per cent. and the United Kingdom 7 per cent. Silk mixtures were drawn from Japan (63 per cent), Germany (8 per cent) and the United Kingdom (6 per cent). The greatly increased trade in silk piecegoods was secured by Japan (73 per cent.) and China (24 per cent.), the United Kingdom merely contributing Rs.85,000 worth. The United Kingdom formerly supplied the whole of the imports of sewing silks but Japanese competition is growing and in 1931/32 accounted for 33⅓ per cent. of the trade.

Woollen Manufactures.—The various types imported were as follows :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Worsted yarn for weaving	9	15
Knitting wool	14	18
Blankets and rugs (other than floor rugs)	15	34
Braids	*	†
Carpets and floor rugs	5	4
Hosiery	6	7
Piecegoods	69	1,61
Shawls	6	11
Total Imports	1,31	2,54

* Rs. 22,985. † Rs. 43,390.

In 1931/32, of the worsted yarn imported, the United Kingdom supplied only 21 per cent. as compared with 50 per cent. in 1929/30, the principal competitors being Poland (43 per cent.), Germany (26 per cent.), and France (7 per cent.). Of the knitting wool, Germany shipped 46 per cent., the United Kingdom 24 per cent., France 16 per cent. and Poland 8 per cent. Bombay and Karachi were the principal markets. Blankets and rugs were contributed by Italy (85 per cent.), Germany (7 per cent.), and the United Kingdom (4 per cent.). Germany and the Netherlands each supplied one-third of the imports of braids.

Woollen Piecegoods.—After a continued decline during the previous three years, this valuable trade, which for many years averaged over Rs.3 crores in value, more than doubled last year owing to increased purchasing power in N.W. India, probably consequent upon the proceeds of gold shipments. The subjoined table gives the origin of the imports:—

Principal Countries of Consignment	1931/32		1932/33	
	Yards	Rs. (lakhs)	Yards	Rs. (lakhs)
United Kingdom	1,311,889	25	2,798,737	52
Germany	254,634	4	461,902	9
Netherlands	88,125	2	59,122	2
Belgium	78,934	1	504,251	6
France	2,036,216	16	4,561,869	34
Italy	1,385,838	15	3,606,617	42
Japan	121,390	1	1,412,661	8
Other Countries	238,528	4	541,602	8
Total Imports	5,515,554	68	13,946,761	1,61

The outstanding feature of the table is the remarkable advance in imports from Japan. Italy's share nearly trebled while the United Kingdom, France and Germany doubled both the volume and value of their shipments.

Woollen Shawls.—Here again there has been a most satisfactory recovery from the very greatly reduced imports in 1931/32. The following are the figures.

Countries of Consignment	1931/32		1932/33	
	Number	Rs. (lakhs)	Number	Rs. (lakhs)
United Kingdom	2,504	*	10,865	†
Germany	113,689	5	186,382	8
Other Countries	47,697	1	141,044	3
Total Imports	163,890	6	338,291	11

* Rs. 12,018. † Rs. 37,402.

" Other Countries " include Italy, France and Japan.

Carpets and Floor Rugs.—The steady decline from the peak limit of nearly Rs.51 lakhs in 1927/28 has continued and the present figures are the lowest to be recorded in recent years :—

Principal Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	2	2
Persia	2	1
Other Countries	1	1
Total Imports	5	4

The valuable trade in cheap Italian printed tapestry rugs has ceased altogether. Among " other countries " France was the principal supplier in 1931/32.

Machinery and Millwork.—The downward movement in the total imports of machinery from the highwater-mark of over Rs.18,36 lakhs in 1928/29 has largely been checked, the total figures of Rs.10,54 lakhs in 1932/33 showing a diminution of less than Rs.40 lakhs. This is a satisfactory showing as the factors of intense depression in most Indian industries, curtailment of all Government purchases on account of severe financial stringency and enforced reductions of extensions and renewals to Public Utility Undertakings, on grounds of economy, are still operative. Moreover, deliveries of outstanding plant to the few large hydro-electric, irrigation and port projects which are under construction, have been completed and progress on new capital undertakings is held up owing to the need for rigid conservation of India's financial resources. The widespread nature of the depression is shown in the heavily reduced imports of boilers, prime-movers, electrical machinery, mining and general industrial plant. On the other hand, the remarkable expansion in the Indian sugar industry which followed the imposition of a high protective tariff, has resulted in an advance of nearly £1,000,000 in the value of the imports of sugar machinery. Indian cotton mills, notably in Ahmedabad, continued to strengthen their competitive position by laying down new and highly-efficient plants for spinning, weaving, bleaching, dyeing and finishing. This resulted in an increased import of cotton textile machinery from Rs.192 to Rs.208 lakhs. The installation of certain patented machines in the tea factories doubled the imports of tea machinery.

The following table shows the origin of the imports during the past two years :—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	7.73	7,81
Germany	1,12	98
Belgium	27	39
Japan	4	4
U.S.A.	1,22	81
Other Countries	54	51
Total Imports	10.92	10,54

The next table shows the relative importance of the three principal suppliers before the war and during the past three years :—

Principal countries of Consignment	1913-14 Per cent.	1930-31 Per cent.	1931-32 Per cent.	1932-33 Per cent.
United Kingdom	90.0	74.3	70.2	74.1
U.S.A.	3.0	11.4	11.8	7.7
Germany	6.0	8.2	10.2	9.3
Other Countries	1.0	6.1	7.8	8.9
	100.0	100.0	100.0	100.0

The recovery by manufacturing engineers in the United Kingdom of 4 per cent. in their relative share of the trade is a tribute to the design and quality of their products and still more to that excellent service which is given, year in year out, by their branches and technical agents in the country. It is precisely in times of stress such as the present that the firm with an efficient organisation on the spot secures such reduced trade as may be offering. The results recorded above afford further proof of the value of local organisation and will, it is hoped, stimulate those few remaining firms of importance, who are not yet adequately represented in India, to take prompt steps to remedy this defect in their organisation. The advance, both actual and relative, in the United Kingdom share of the trade was effected in spite of a materially reduced import of certain United Kingdom specialities such as boilers, oil engines, railway locomotives, electrical machinery, machine tools, mining machinery and sewing machines. On the other hand, it should be noted that the depreciation of the sterling exchange severely handicapped United States suppliers and was largely responsible for the decline in the United States percentage. Germany, in spite of improved local organisation, failed to maintain her share largely on account of the reduced purchasing power of Indian importers of the cheaper types of industrial plant. "Other countries" included mainly Belgium, Italy, Switzerland and Sweden.

The following brief analysis of the principal types of machinery imported will be of interest :—

Cotton Textile Machinery.

	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Cotton Spinning Machinery ...	1,13	1,10	1,18
,, Weaving Machinery ...	52	69	70
,, Bleaching & Dyeing Machinery	2	3	3
,, Printing Machinery ...	1	*	2
Other sorts	10	10	15
Total Imports	1,78	1,92	2,08

* Rs. 21,475.

The provenance of the above imports was as follows :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	1,63	1,67	1,84
Germany	7	13	12
U.S.A.	2	4	4
Other Countries	6	8	8
Total	1,78	1,92	2,08

The strengthening of the United Kingdom position is particularly gratifying in view of the strong anti-British political bias among Ahmedabad Millowners and to a lesser degree among certain of the Bombay Companies. As the major part of the imports were taken by Ahmedabad and Bombay mills, this proves that where our manufacturers are able to provide the most suitable types of machinery at competitive rates, they can overcome even such strong political prejudice as has been shown during the recent boycott movement, which has now largely subsided. Imports from Germany included waste spinning machinery, dobbies and other loom attachments and specialities in dyeing equipment. The United States provides patent winders, while " other countries " cover specialities from Italy, France, Spain, Switzerland and Japan.

Woollen Manufacturing Machinery.—Imports show a satisfactory advance due to renewals and extensions to the mills at Cawnpore, Bombay and in the Punjab. The figures of total imports were :—

1930/31	1931/32	1932/33
Rs.1,14,458	Rs.1,27,142	Rs.2,85,888

Details of origin are not yet available but in 1931/32 the United Kingdom supplied almost the whole of the trade. German machinists, however, compete on occasion.

Jute Manufacturing Machinery.—There has been a welcome revival in the imports of jute mill plant, but the imports are still only a fourth of the 1929/30 figures:—

1930/31	1931/32	1932/33
Rs.81 lakhs	Rs.32 lakhs	Rs.36 lakhs

In 1931/32 the United Kingdom supplied 97 per cent., Germany, the United States and Sweden contributing only trifling amounts.

Electrical Machinery.—The subjoined table gives the main types of electrical plant imported during the last two years:—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Control and switchgear ...	35	27
Generators, alternators and dynamos	46	19
Motors	30	24
Transformers	11	19
Turbo-generating sets	4	5
Others	90	62
Total	2,16	1,56

As was foreshadowed in my last report, the completion of deliveries of heavy plant for the hydro-electric projects in the Punjab, Madras and elsewhere, combined with the effects of the financial stringency, which is precluding both the Central and Provincial Governments from embarking upon new capital undertakings, have resulted in a sharp reduction of the imports. The smaller power companies have also suffered from the effects of trade depression but recently seem to be showing more confidence in the future and a disposition to prepare for expansion when the trade revival sets in. There is such scope for the further extension of electrical power schemes throughout India and the application of power to agricultural and minor industries that the future may be regarded with confidence. A revival in the demand for plant is contingent upon the restoration of India's agricultural position and the revival of her industries.

The provenance of the imports was as follows:—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	1,82	1,50	1,21
Germany	17	15	10
U.S.A.	29	36	16
Other Countries	11	15	9
Total	2,39	2,16	1,56

Thanks to their excellent local sales, technical and service organisation, the United Kingdom makers have managed to improve their share of the reduced trade and to increase their percentage from 69 to 77. In view of the keen competition for the reduced volume of work, the business has been largely unremunerative and there has been a natural tendency to scale down overhead charges by reducing staffs and facilities. I would sound a note of warning lest this process be carried too far. There are distinct signs that India has passed the nadir of the depression and it is to be hoped that, when the revival comes, the local organisations of United Kingdom firms will be able—with their unrivalled experience and connections—to take the fullest advantage of it.

Boilers.—The imports were as follows:—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	85	47	41
Germany	10	7	1
Other Countries	2	2	3
Total	97	56	45

Here again, it is noteworthy that—in times of difficulty and depression—those firms which are most strongly represented and render the most efficient service are able to increase their proportion of the reduced turnover at the expense of their competitors. During the past year the United Kingdom percentage rose from 84 to 91, thereby confirming the wisdom of the leading United Kingdom manufacturers of water tube boilers in maintaining their efficient branch organisations. Shippers of Lancashire and Cornish boilers are also well represented both in Calcutta and Bombay. The provision of United Kingdom boilers to the recently constructed sugar factories has provided useful business during a depressed period. It is to be hoped that the year under review will prove to be the low water mark in this valuable trade, which, in times of industrial activity, has attained a total of £1,000,000 per annum.

Prime Movers (other than Electrical).—The total imports were classified thus :—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
LOCOMOTIVES—		
Oil engines	2	2
Do. (parts of)	1	—
Steam engines...	5	2
Do. (parts of) ...	4	5
Railway locomotive engines and tenders and parts	68	32
Others	—	1
OTHER THAN LOCOMOTIVES—		
Gas Engines	1	1
Do. (parts of) ...	2	1
Oil Engines	40	36
Do. (parts of)	11	12
Steam Engines	5	4
Do. (parts of) ...	6	4
Others	10	1
Total Imports of Prime-Movers ...	1,56	1,01

There is no more eloquent commentary on the severity of the financial and industrial depression than the reduction in the total imports of prime-movers from no less than Rs.4,12 lakhs in 1929/30 to Rs.100 lakhs in 1932/33. The fall has been greatest in the case of railway locomotives, the imports of which fell from Rs.1,97 lakhs in 1929/30 to Rs.1,30 lakhs in 1930/31, Rs.68 lakhs in 1931/32 and Rs.32 lakhs in the year under review. This has been mainly due to the curtailment of the railway capital programme resulting from financial stringency and partly to the more economical use of existing locomotive power. The contraction in industrial activities is evidenced by the fall in the imports of complete oil engines from Rs.104 lakhs in 1929/30 to Rs.68 lakhs in 1930/31, Rs.40 lakhs in 1931/32 and Rs.36 lakhs in the past year. The trade in oil engines has, in the past, been a useful criterion of industrial activity throughout India and particularly in the Punjab, Bombay and Madras. It is anticipated, however, that the provision of cheap electrical energy from the hydro-electric stations in the Punjab, United Provinces and Madras may bring about a rapid substitution of electric motors for oil engine units throughout wide areas.

Details of the provenance of prime-movers are not yet available; but it is estimated that the United Kingdom manufacturers supply fully 80 per cent. of the trade.

Agricultural Machinery.—The policy of retrenchment followed by all Provincial Governments has retarded the activities of Government agricultural departments in stocking and distributing improved implements. The following table reveals the position :—

	1930/31 Rs.	1931/32 Rs.	1932/33 Rs.
Agricultural tractors and parts ...	5,19,724	3,13,358	3,78,559
Ploughs and parts	1,23,013	83,561	54,159
Others	2,03,563	1,18,487	2,65,799
Total Imports	8,46,300	5,15,406	6,98,517

Details of origin are not yet available, but in 1931/32 the United States supplied 86 per cent. of the tractors, the United Kingdom contributing 7 per cent. Of the ploughs and parts, the United Kingdom supplied 89 per cent. and the United States 11 per cent. Of the miscellaneous types of agricultural machinery, the United Kingdom sent 59 per cent., Germany 24 per cent., and the United States 17 per cent.

Mining Machinery.—The intense depression in the coal, iron, manganese and non-ferrous mining industries is reflected in a further heavy fall in imports :—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	39	26
Belgium	—	—
Germany	7	1
U.S.A.	19	11
Other Countries	—	—
Total Imports	65	38

United Kingdom manufacturers are strongly entrenched in the colliery industry, but meet with United States competition in oil-well equipment and plant for the non-ferrous mining industry in Burma and elsewhere. The boom in the gold mining industry, while benefiting existing mines such as the Kolar group, has not resulted in the opening up of fresh fields.

Metal Working Machinery (Including Machine Tools).—This heading mainly comprises machine tools of all types :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	22	14	10
Germany	2	3	3
United States	3	2	1
Other Countries	3	—	—
Total	30	19	14

The trade has steadily declined from the figures of 1927/28, which included the heavy purchases for railway workshop rehabilitation. The trade is adversely affected by curtailed railway purchases of heavy tools and by the reduced industrial demand. United Kingdom suppliers, who are strongly represented and secured 72 per cent. of the trade, during the past year, should be able to improve their position when demand broadens.

Oil Crushing and Refining Machinery.—The total trade was well-maintained for some years due to large imports by the oil companies in Burma, but these have now been curtailed. Imports of plant for crushing and refining vegetable oils have suffered severely from the depression.

Countries of Origin	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	24	18	12
Germany	6	8	5
United States	9	7	1
Other Countries	1	2	1
Total	40	35	19

In normal times Calcutta is the principal market followed by Bombay and Rangoon. Since 1930, however, Rangoon imports have been on a large scale due to the requirements of the petroleum industry.

Paper Mill Machinery.—Indian paper mills are doing well under cover of protective duties but no fresh plants have been erected since 1927/28 and the trade is mainly in renewals. Imports are as follows :—

1930/31	1931/32	1932/33
Rs.7,32,040	Rs.6,32,297	Rs.5,31,237

In 1931/32, the last year for which detailed figures are available, the United Kingdom supplied 92 per cent., Germany and Sweden sending negligible quantities.

Refrigerating Machinery.—Following a considerable expansion between the years 1928/29 and 1930/31, when India adopted the use of the domestic refrigerator (almost entirely of United States origin), there has been a sharp decline in the trade as the following figures show :—

1930/31	1931/32	1932/33
Rs.22,24,267	Rs.9,89,466	Rs.8,85,439

In 1931/32 the United Kingdom contributed 10 per cent., mainly heavy plant for cold storage depots in Calcutta and Bombay. The United States, however, supplied 86 per cent. in the form of domestic refrigerators, which are of appropriate design for the needs of the country and have been energetically distributed. United Kingdom makers of domestic apparatus are late in the field and, although the depreciation of sterling has given them a great opportunity, they cannot be said to have made any appreciable headway. If the United Kingdom manufacturer persists in neglecting this field, he will find in the near future that the development of refrigeration in all its forms, including the artificial cooling of buildings, may have passed into the hands of United States manufacturers: United States firms are believed to be on the eve of launching a campaign to develop the use of air-conditioning apparatus throughout tropical and sub-tropical countries. There are few markets in the world which present greater potentialities than India does in this direction.

Rice and Flour Mill Machinery.—The prevailing depression in these industries is reflected in the statistics of total imports :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 (Rs. lakhs)
United Kingdom	14	5	4
Germany	4	3	3
U.S.A.	1	1	1
Other Countries	2	1	1
Total			

While the United Kingdom retains its hold on the supply of plant for the flour-milling industry, German competition in the smaller types of rice mills, which are becoming increasingly popular in Burma and Bengal, is very keen.

Sawmill and Woodworking Machinery.—There has been no material development in the sawmilling industry in India for several years and imports have largely been confined to renewals for sawmills and woodworking machines for the railway carriage and wagon shops :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	4	2	2¼
Other Countries	3	1	½
Total	7	3	2¾

Such competition as is encountered is met with from the United States in saw-milling plant and from Germany in woodworking machines.

Sewing and Knitting Machines (Including Parts).—While the reduced purchasing power of the Indian consumer is responsible for the major portion of the decline in the total trade, the boycott propaganda, synchronising with greater activity on the part of German competitors, seriously affected the position of United Kingdom suppliers during the period of political agitation, which has now fortunately closed. The imports of complete machines were as follows :—

Countries of Origin	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	40	35	29
Germany	12	10	10
Other Countries	1	1	2
Total	53	46	41

The numbers of the United Kingdom machines fell from 32,346 to 27,838; those from Germany from 12,566 to 10,681. " Other countries " included Japan, United States and France. The widespread organisation of the Singer Sewing Machine Co. with its depots, schools and hire-purchase arrangements, is second to none and, when Indian purchasing power recovers the United Kingdom share, assisted by the preferential duty of 10 per cent., should show a material advance. The following are the statistics of parts of sewing and knitting machines and accessories :—

1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
5½	4½	4½

Sugar Machinery.—As a result of the high degree of protection afforded by the Sugar Industry (Protection) Act, 1932, there has been a most active movement in the erection of sugar factories, which first made itself felt early in 1932, but which has continued with increased vigour during the spring of 1933. The figures of the imports of machinery during 1932/33, which include practically all the plant imported for the November/April, 1932/33, crushing season, were as follows :—

Countries of Consignment	1930/31 (Rs. lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	11	26	91
Other Countries	3	4	62
Total Imports	14	30	1,53

Prior to 1932/33, it will be noted that United Kingdom suppliers largely controlled the market, but the prospects of large contracts attracted Dutch, German and Belgian manufacturers, some of whom had previously had little experience of Indian conditions. The following statement, compiled by the Indian Sugar Technologist, gives the number and particulars of new plants ordered for operation during 1932/33 and shows the intensity of foreign competition :—

Particulars	British	Belgian	German	Dutch	Others	Total
1. Number of plants ordered ...	14	6	4	2	1	27
2. Aggregate capacity (tons cane per day) ...	5,150	2,400	1,075	750	50	9,425
3. Aggregate value (in pounds sterling f.o.b.) ...	561,900	244,000	116,000	74,000	4,500	1,000,400
4. Percentage of total number of plants ...	51.8	22.2	14.8	7.4	3.8	100
5. Percentage of total capacity	54.6	25.6	11.4	7.9	0.5	100
6. Percentage of total value ...	56.2	24.4	11.6	7.4	0.4	100

These figures are exclusive of the machinery ordered for purposes of replacement and extension by existing factories.

The imports of machinery during the present year 1933/34 are likely to be on twice the scale. So far as can at present be ascertained contracts have been placed for 47 new factories, of which United Kingdom manufacturers have secured 27, Dutch 8, German 4, French 2, Belgian 1 and Czecho-Slovak 2. One factory is being erected from plant made locally with certain portions imported from the United Kingdom and two factories are being provided with secondhand machinery.

It is satisfactory to note that United Kingdom makers retain over 60 per cent. of the trade. Their reputation for design, quality and high output has been enhanced by the failure of the plants provided by one or two Continental firms. Although there is great congestion of factories in certain districts of Bihar and the United Provinces, it is likely that contracts for additional factories in other areas will be placed for the 1934/1935 season. There is, however, some risk that the industry may be overdone and manufacturers should exercise great caution in granting terms of deferred payment.

Tea Machinery.—Notwithstanding the severe depression in the Indian tea industry, the imports of tea machinery doubled in value largely as a result of the adoption by many factories of certain newly patented machines.

1930/31	1931/32	1932/33
Rs. 16,82,268	Rs. 10,69,126	Rs. 21,46,634

The imports are almost exclusively drawn from the United Kingdom. Manufacture of certain parts in India appears to be increasing.

Typewriters.—The imports, so far as United Kingdom machines are concerned, are still most disappointing :—

Countries of Origin	1931/32		1932/33	
	No.	Value (Rs.)	No.	Value (Rs.)
United Kingdom	244	31,842	241	34,737
United States	6,557	8,85,826	3,535	4,97,673
Other Countries	474	68,755	123	20,063
Total	7,275	9,86,423	3,899	5,52,473

It is to be hoped that, with a preferential duty of 10 per cent. in their favour, United Kingdom makers will improve their position. As I have repeatedly stated, the secret of United States success in this trade lies in their distributing, sales and service organisation.

Other Sorts of Machinery.—This comprehensive heading includes all types of machinery and plant not specially classified in the Customs Returns. The total values were :—

1930/31	1931/32	1932/33
Rupees	Rupees	Rupees
2,15,59,976	1,55,16,084	1,51,74,790

In 1931/32, the United Kingdom contributed 59 per cent. the United States 15 per cent. and Germany 14 per cent. Lesser values were imported from Belgium, Italy, Switzerland, Sweden and Japan.

Iron and Steel.—The subjoined statement giving the total imports of iron, steel and iron or steel into India during the past three years clearly reveals both the extent of the economic depression and also the degree to which, in times of reduced purchasing power, the local industry increases its share of the available trade :—

Total Imports	1930/31	1931/32	1932/33
	Tons	Tons	Tons
Iron	8,649	3,958	4,972
Steel	118,196	93,884	83,805
Iron or steel...	487,361	273,197	242,568
Total	614,206	371,039	331,345

The fall may be measured by comparison with a total import of 1,197,000 tons in 1927/28. The items principally affected during the past year have been beams, channels, girders, pillars and bridgework, which fell by 20,382 tons; galvanised sheets and plates, which—partly on account of the depressed state of the jute growing districts of Eastern Bengal and partly due to increased production in India—fell by 11,371 tons; rails, chairs and fishplates (2,859 tons); iron or steel sleepers and keys (2,232 tons); steel bars (3,366 tons); angle, tee and spring steel (6,724 tons), and tinned plates (570 tons). The main drop in steel imports occurred between 1928/29 and 1931/32. It is reasonable to assume that the figures for 1931/32 mark the lowest point and that any improvement in India's economic position will almost immediately be shown in increased imports of steel.

Production and Development of the Tata Iron and Steel Works. —I am indebted to the Tata Iron and Steel Company Limited for the following authoritative statement showing the production and the main items of development at Jamshedpur during the year ended 31st March, 1933 :—

Production of Pig Iron :

Number of Furnaces in existence on 31-3-1933... ...		5
Pig Iron Production	Tons	672,069
Pig Iron used in Works	,,	575,243
Ferro Manganese produced for Works' use		Nil

Furnaces and Converters :	No. in existence on 31-3-1933
Bessemer Converters (acid)	3
Open Hearth Furnaces (Basic)	10

Production of Ingots :

Open Hearth Basic	Tons	186,659
Duplex basic	,,	404,119

Rolling Mills :	No. in existence on 31-3-1933
Cogging Mills	2
Rail and Heavy Section Mills	2
Plate Mill	1
Light Section, Bar & Merchant Mills	4
Sheet Bar and Billet Mill	1
Sheet Mills (Stands)	12
35″ Roughing Mill...	1

Production of Semi-Finished Steel :

(a) Blooming Mills		Tons	514,762
(b) Sheet Bar & Billet Mill :—			
(1) Billets	Rolled from Blooms produced on the Blooming Mills shown above.	Tons	152,644
(2) Sheet Bars & Sleeper Bars		,,	108,111
(3) Tin Bars & Wide Flats		,,	56,741

Production of Finished Steel :

Rails 50 lbs. and over (first class only)	Tons	37,671
Rails 30 lbs. and under	,,	462
Fishplates (first class only)	,,	2,394
Angles, Channels and Tees	,,	38,511
Beams	,,	60,455
Rounds, Squares, Flats, Octagons and Tie Bars ...	,,	81,622
Plates	,,	28,931
Sheets 1/8" and under, other than Galvanised Sheets ...	,,	12,502
Galvanised Sheets	,,	46,866
Blooms and Billets for Sale	,,	23,864
Sleepers	,,	7,620
	Tons	340,898
Plus Tin Bars, Sleeper Bars, Sheet Bars, etc., for sale ...		86,070
Total	Tons	426,968

Extension to the old Sheet Mills was completed in February, 1933, and the Mill came into operation on 15th February, 1933. The capacity of the new unit is estimated to be 25,000 tons yearly.

" B " Blast Furnace was shut down for relining on 22nd January, 1933.

In addition to the extensions to the sheet mills referred to above, it is understood that, as the market develops, further extensions are planned which, it is expected, will increase the total production of galvanised sheets to over 100,000 tons.

Origin of the Imports of Iron and Steel.—The following statement shows the chief sources of supply of iron and steel with the percentage share of each country in the import trade :—

	United Kingdom		Germany		Belgium		France		United States		Other Countries		Total
	Tons (thousand)	Share Per cent.	Tons (thousand)	Share Per cent.	Tons (thousand)	Share Per cent.	Tons (thousand)	Share Per cent.	Tons (thousand)	Share Per cent.	Tons (thousand)	Share Per cent.	Tons (thousand)
1913–14 ...	609	59.8	200	19.6	173	17.0	2	0.1	22	2.2	12	1.3	1,018
1919–20 ...	269	63.0	1	0.2	13	3.1	—	—	135	31.6	9	2.1	427
1920–21 ...	498	70.0	15	2.1	69	9.7	2	0.3	113	15.9	15	2.0	712
1921–22 ...	280	45.7	60	9.8	160	26.1	9	1.5	84	13.7	20	3.2	613
1922–23 ...	359	48.1	90	12.1	229	30.7	7	1.0	38	5.1	23	3.0	746
1923–24 ...	429	56.7	61	8.0	217	28.7	5	0.5	18	2.4	26	3.7	756
1924–25 ...	439	50.5	88	10.1	273	31.4	16	1.8	17	2.0	36	4.2	869
1925–26 ...	489	55.3	69	7.8	229	25.9	45	5.1	23	2.6	29	3.3	884
1926–27 ...	406	48.1	79	9.3	257	30.4	33	3.9	29	3.4	41	4.9	845
1927–28 ...	685	57.2	79	6.6	316	26.4	48	4.0	16	1.4	53	4.4	1,197
1928–29 ...	650	55.5	70	6.0	333	28.5	54	4.6	18	1.5	45	3.9	1,170
1929–30 ...	486	49.9	58	6.0	312	32.1	35	3.6	16	1.6	66	6.8	973
1930–31 ...	269	43.8	44	7.2	207	33.7	29	4.7	15	2.4	50	8.2	614
1931–32 ...	164	44.2	26	7.0	118	31.8	16	4.3	5	1.4	42	11.3	371
1932–33 ...	140	43.0	22	6.7	104	31.9	12	3.7	2	0.6	46	14.1	326

The next statement shows the principal headings under which competition was encountered in 1932/33 :—

Description	From the United Kingdom	From Belgium	From Germany	From United States	Total Imports
	Tons	Tons	Tons	Tons	Tons
Steel bars (other than cast steel)	11,547	32,003	2,825	*	69,168
Beams, channels, girders, pillars and bridgework ...	5,833	5,852	1,138	*	15,739
Nuts and bolts	1,030	3,253	728	32	6,452
Hoops and strips	7,978	10,109	2,017	*	24,367
Nails, rivets and washers ...	3,004	2,564	625	*	10,512
Cast pipes and Fittings ...	1,257	46	*	*	2,096
Galvanised sheets & plates ...	49,667	21,103	*	6	72,658
Tinned plates	6,906	—	—	—	7,022
Plates not galvanised or tinned	19,043	2,676	3	—	22,085
Wrought tubes, pipes and fittings	9,753	836	4,385	1,923	23,461
Wire Nails	213	5,739	2,335	*	13,198
Wire Rope	1,649	—	—	5	2,049
Rails, chairs & fishplates ...	1,150	39	—	—	1,737
Sleepers and keys of steel or iron for railways	1,954	1,408	—	—	3,395
Fencing materials (including fencing wire)	589	1,321	1,464	—	4,524

* Not separately distinguished.

Belgian competition, in spite of the depreciation of the sterling exchange, continued to be acute, and was severely felt in bars, structural sections, hoops and strips, steel sleepers, wire nails, etc., where low price is the primary factor and where the British Standard Specification is not insisted upon. So far as galvanised sheets are concerned, the Belgian share declined in slightly greater proportion than that of the United Kingdom's. The imports of Belgian sheets at low prices have, however, had a consistently depressing effect on the market. Luxemburg shipped 17,057 tons of steel bars while Sweden and Norway supplied 1,283 and 1,529 tons respectively of nails, rivets and washers. The United States has been entirely out of the steel market during the year. French competition is met with in bars (4,841 tons), structural steelwork (2,675 tons) and wrought tubes (322 tons).

It is hoped that the provisions of the Ottawa Trade Agreement may give a valuable fillip to United Kingdom supplies of steel during the next few years. A preference of 10 per cent. was agreed to on all sorts of iron and steel subject to duty under Nos. 60, 61, 62 and 97 of Schedule II of the Indian Tariff Act. These include the unprotected classes of steel, among which may be mentioned valuable trades such as wrought pipes and tubes, hoops and strips, high speed and other Sheffield special steels.

The most important section of the Ottawa Agreement in so far as it relates to steel, is that concerning galvanised sheets. This is dealt with at some length in Chapter II but may be summarised by stating that the Government of India agreed to adjust the import duties on galvanised sheets on the basis of selling prices existing in 1932, as follows:—

Rs.30 per ton on sheet made in the United Kingdom from Indian sheet bar.

Rs.53 per ton on sheet made in the United Kingdom from other sheet bar.

Rs.83 per ton on sheet not made in the United Kingdom,

and laid-down that in the event of further reductions in the price of sheet imported into India and not made in the United Kingdom, the Government of India, as soon as they were satisfied that a fall in prices had in fact occurred, would, without an enquiry by the Tariff Board, take prompt and effective action to meet the situation by the imposition of an additional duty. It is still too soon to assess the value of this concession. The demand in India has been so restricted that there has been only a very small margin left for imports after the Tata Iron and Steel Company have sold their output. It is expected that the ultimate result of the agreement will be the elimination of foreign competition and the division of the Indian market between the United Kingdom and Indian producers.

Co-operation of this kind between the United Kingdom and Indian steel industries would seem to present the most satisfactory solution of the problems with which both industries are faced in this market. There is no doubt that the Indian industry will continue to expand and absorb a steadily increasing share of the business. In spite of this, however, the Indian market, in normal times, is sufficiently important to provide scope for the maximum output of the existing Indian works and still leave a heavy tonnage to be imported.

The following brief comments under each heading analyse the competitive position in 1932/33 as compared with the figures for the previous year:—

Bars (Other than Cast Steel).—A further heavy reduction is to be noted from 72,534 tons valued at Rs.65 lakhs to 69,168 tons valued at Rs.57 lakhs. The United Kingdom share rose in quantity from 10,998 tons (Rs.15¾ lakhs) to 11,547 tons (Rs.15 lakhs). Imports from Belgium dropped from 33,535 tons (Rs.25½ lakhs) to 32,033 tons (Rs.22½ lakhs), and those from Luxemburg from 20,842 tons (Rs.16 lakhs) to 17,057 tons (Rs.10¾ lakhs). Arrivals from Germany and France were on a very small scale.

Beams, Channels, Pillars, Girders and Bridgework.—In view of the prevailing depression and of the success of the Tata Iron and Steel Company in obtaining such structural sections as were

ordered, there has been a remarkable reduction in the total imports from 86,773 tons (Rs.105 lakhs) in 1930/31 to 36,121 tons (Rs.39¾ lakhs) in 1931/32 and 15,739 tons (Rs.15¼ lakhs) in 1932/33. Imports from the United Kingdom fell from 14,021 tons (Rs.22 lakhs) to 5,833 tons (Rs.8½ lakhs), those from Belgium from 9,483 tons (Rs.7½ lakhs) to 5,852 tons (Rs.4¼ lakhs), France from 5,938 tons (Rs. 4½ lakhs) to 2,675 tons (Rs.1¾ lakhs) and Germany from 5,973 tons (Rs.4½ lakhs) to 1,138 tons (Rs.¾ lakh).

Bolts and Nuts.—The total trade fell from 7,029 tons (Rs.19 lakhs) to 6,452 tons (Rs.18¼ lakhs). The United Kingdom share was reduced from 2,101 tons (Rs.7 lakhs) to 1,030 tons (Rs.4 lakhs), that of Belgium, however, rose from 2,864 tons (Rs.5½ lakhs) to 3,253 tons (Rs.6 lakhs). Arrivals from Germany fell in quantity from 861 tons to 728 tons but rose in value from Rs.2¾ lakhs to Rs.3¼ lakhs.

Fencing Materials (Including Fencing Wire).—There has been a satisfactory increase in the total trade from 3,486 tons (Rs.9½ lakhs) to 4,524 tons (Rs.14 lakhs). Arrivals from the United Kingdom rose from 545 tons (Rs.2 lakhs) to 589 tons (Rs.2 lakhs), Germany from 1,196 tons (Rs.3½ lakhs) to 1,464 tons (Rs.6 lakhs), and Belgium from 1,085 tons (Rs.2¼ lakhs) to 1,321 tons (Rs.3 lakhs).

Hoops and Strips.—The trade advanced slightly from 23,809 tons (Rs.28 lakhs) to 24,367 tons (Rs.28 lakhs). The United Kingdom share fell from 10,630 tons (Rs.13 lakhs) to 7,978 tons (Rs.10¼ lakhs). On the other hand that of Belgium advanced from 7,513 tons (Rs.8½ lakhs) to 10,109 tons (Rs.10½ lakhs) and Germany from 1,334 tons (Rs.1½ lakhs) to 2,017 tons (Rs.2½ lakhs). Arrivals from other countries fell slightly from 4,332 tons (Rs.4½ lakhs) to 4,263 tons (Rs.4½ lakhs).

Nails, Rivets and Washers (other than Wire Nails).—The total trade fell very slightly from 10,865 tons (Rs.31½ lakhs) to 10,512 tons (Rs.30¾ lakhs). Arrivals from the United Kingdom fell from 3,347 tons (Rs.8½ lakhs) to 3,004 tons (Rs.7¾ lakhs), those from Sweden from 1,937 tons (Rs.8½ lakhs) to 1,283 tons (Rs.6¼ lakhs) and from Germany from 789 tons (Rs.2 lakhs) to 625 tons (Rs.2½ lakhs). Arrivals from Norway rose from 1,083 tons (Rs.3¼ lakhs) to 1,529 tons (Rs.4½ lakhs). Imports from Belgium remained steady at 2,564 tons (Rs.5½ lakhs).

Cast Pipes and Fittings.—The total trade expanded from 1,666 tons (Rs.6¼ lakhs) to 2,096 tons (Rs.6 lakhs). The United Kingdom share fell from 1,554 tons (Rs.6 lakhs) to 1,257 tons (Rs.5 lakhs). Arrivals from "other countries," however, rose from 112 tons (Rs.36,000) to 839 tons (Rs.1 lakh).

Rails, Chairs and Fishplates (Including those for Railways).—As might be expected, this trade shows a further shrinkage from 4,596 tons (Rs.10 lakhs) to 1,737 tons (Rs.4½ lakhs). The United

Kingdom proportion fell from 3,025 tons (Rs.7¼ lakhs) to 1,150 tons (Rs.4 lakhs), that of Belgium from 976 tons (Rs.1¼ lakhs) to 39 tons (Rs.3,500) and " other countries " from 595 tons (Rs.1¼ lakhs) to 548 tons (Rs.½ lakh).

Screws.—The total imports receded slightly in quantity from 1,968 tons to 1,953 tons and in value from Rs.11 to Rs.10 lakhs. Arrivals from the United Kingdom fell from 424 tons (Rs.2½ lakhs) to 414 tons (Rs.2¼ lakhs) and from " other countries " from 1,544 tons (Rs.8½ lakhs) to 1,539 tons (Rs.7½ lakhs). Of the total screws imported in 1932/33, 1,793 tons represents wood screws and 160 tons metal thread screws.

Galvanised Sheets and Plates.—There has been a still further fall in this trade from 84,029 tons (Rs.166 lakhs) to 72,658 tons (Rs.123¼ lakhs), due to the intensity of the depression throughout India and particularly in the jute districts of Eastern Bengal, and to some extent to increased Indian competition. United Kingdom shipments fell from 54,939 tons (Rs.106½ lakhs) to 49,667 tons (Rs.87 lakhs), those of Belgium from 27,401 tons (Rs.56 lakhs) to 21,103 tons (Rs.33 lakhs) and " other countries " from 1,689 tons (Rs.3¼ lakhs) to 1,888 tons (Rs.3⅓ lakhs).

Tinned Plates.—The steady advance in Indian production, coupled with the depression in Indian industries, caused a further reduction in the total trade from 7,592 tons (Rs.20 lakhs) to 7,022 tons (Rs.19½ lakhs). Imports from the United Kingdom fell from 7,427 tons (Rs.19½ lakhs) to 6,906 tons (Rs.19¼ lakhs), arrivals from " other countries " being negligible.

Sheets and Plates (not Galvanised or Tinned).—This trade has been fairly well maintained, imports varying from 22,102 tons (Rs.28½ lakhs) to 22,085 tons (Rs.27 lakhs). The United Kingdom share actually advanced from 16,640 tons (Rs.23½ lakhs) to 19,043 tons (Rs.24½ lakhs) in contrast to arrivals from Belgium which fell from 4,658 tons (Rs.4¼ lakhs) to 2,676 tons (Rs.2½ lakhs).

Sleepers and Keys of Steel or Iron for Railways.—The total imports were reduced from 5,627 tons (Rs.8¼ lakhs) to 3,395 tons (Rs.4¼ lakhs). The United Kingdom share fell from 4,775 tons (Rs.7¼ lakhs to 1,954 tons (Rs.3 lakhs) while that of Belgium rose from 345 tons (Rs.½ lakh) to 1,408 tons (Rs.1¼ lakhs).

Wrought Tubes, Pipes and Fittings.—The total imports fell slightly in quantity from 23,786 tons to 23,461 tons but heavily in value from Rs.71¼ to Rs.61½ lakhs. The United Kingdom share shrank from 11,635 tons (Rs.36½ lakhs) to 9,753 tons (Rs.28 lakhs), that of Germany advanced from 3,305 tons (Rs.9½ lakhs) to 4,385 tons (Rs.10¾ lakhs) and Poland from 1,384 tons (Rs.3½ lakhs) to 3,611 tons (Rs.8¼ lakhs). On the other hand, imports from Holland were reduced from 1,713 tons (Rs.5 lakhs) to 1,330 tons (Rs.3 lakhs), Belgium from 1,150 tons (Rs.3⅓ lakhs) to 836 tons (Rs.2½ lakhs) and the United States from 3,191 tons (Rs.8½ lakhs) to 1,923 tons (Rs.4¾ lakhs).

Wire Nails.—The total imports rose from 9,456 tons (Rs.14¾ lakhs) to 13,198 tons (Rs.23¼ lakhs). Imports from Belgium fell from 6,202 tons to 5,739 tons but rose in value from Rs.9½ lakhs to Rs.11 lakhs. Imports from Germany rose from 2,325 tons (Rs.3½ lakhs) to 2,335 tons (Rs.4 lakhs) and " other countries " from 750 tons (Rs.1 lakh) to 4,911 tons (Rs.8 lakhs). It is noteworthy that imports from the United Kingdom remained practically negligible at 213 tons valued at Rs.½ lakh.

Wire Rope.—The total trade shrank from 2,673 tons (Rs.14 lakhs) to 2,049 tons (Rs.10½ lakhs). The United Kingdom share fell from 2,065 tons (Rs.12 lakhs) to 1,649 tons (Rs.9 lakhs) and that of " other countries " from 608 tons (Rs.2¼ lakhs) to 400 tons (Rs.1½ lakhs).

Aluminium.–The import trade in aluminium in all its forms has suffered severely from the reduced purchasing power of the past two years and is only one-sixth of the volume in 1929/30 :—

	1931/32		1932-33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
Unwrought—				
Ingots, blocks, bars ...	141	—	164	—
Wrought—				
Circles	33,466	24	16,892	14
Sheets	1,239	1	1,544	1
Other Manufactures	4,585	5	5,953	7
Total Imports... ...	39,431	30	24,553	22

Particulars relating to the origin of the imports in 1932/33 are not yet available, but in 1931/32, of the circles, the United Kingdom supplied 26 per cent., France 24 per cent., Germany 16 per cent., the United States 13 per cent., Switzerland 12 per cent. and Canada 7 per cent. A noteworthy feature of that year was the reduction in imports from the United States from Rs.40 to Rs.3 lakhs. Circles form the raw material of the Indian aluminium hollowware industry, which has suffered severely from the economic depression, particularly in Bengal. Sheets were obtained in 1931/32 from Germany (Rs.30,000), the United Kingdom (Rs.24,000) and lesser values from the United States, France and Switzerland. The imports of " other manufactures," comprising mainly wire and utensils, were drawn from Germany (42 per cent.), the United Kingdom (17 per cent.), Switzerland (13 per cent.) and lesser values from Italy, Belgium, the United States and France.

Brass, Bronze and Similar Alloys.

Mixed or Yellow Metal for Sheathing.—There has been a most satisfactory recovery in this bazaar trade during the year under

review. As yellow metal sheets are the raw material of the common Indian household hollowware, it would seem that a certain amount of the proceeds of the realization of his gold ornaments, etc., has been expended by the ryot in household utensils.

Countries of Consignment	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
United Kingdom	71,834	26	150,091	47
Germany	179,491	63	236,799	72
Japan	39,867	15	95,697	30
Other Countries	7,219	2	290	—
Total	298,411	1,06	482,877	1,49

The partial recovery by United Kingdom rollers of their position in the market is satisfactory. From January 1st, 1933, they have enjoyed a preference of 10 per cent. on sheets and other wrought products which should enable them to regain their leading position, which has only been lost by the undercutting of prices by German suppliers.

Other Manufactures (Wrought).—The imports were :—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Rods ...	3	4
Sheets ...	2	2
Tubes ...	1	1
Wire ...	2	3
Other Sorts	12	20

Copper (Wrought).—The imports of wrought copper during the past two years have been as follows :—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Sheets ...	60	96
Rods ...	12	8
Tubes	2	1
Wire (excluding telegraph & telephone wire)	2	3
Other Manufactures	5	5

The next table gives the provenance of the imports :—

Countries of Consignment	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
United Kingdom	64,279	27	72,217	28
Germany	66,804	28	192,345	67
Belgium	4,089	2	10,699	4
France	31,285	13	3,201	1
U.S.A.	17,803	7	13,056	4
Other Countries	10,411	4	24,687	8
Total	194,671	81	316,205	1,12

The expansion in the trade is satisfactory but the failure of United Kingdom suppliers to quote competitive rates is disappointing. It is to be hoped that the 10 per cent. preference will bridge the gap between United Kingdom and German prices.

German Silver (including Nickel Silver).—The trade showed a slight recovery :—

	1930/31	1931/32	1932/33
Quantity (cwt.)	16,258	13,551	17,147
Value (Rs. lakhs)	13	10	13

The United Kingdom in 1931/32 only supplied 16 per cent., the bulk of the trade being shared by Italy, Austria and Germany.

Railway Plant and Rolling Stock.—It is not possible to treat this item so fully as formerly in view of the discontinuance of the issue of combined statistics since the 1st April, 1928. Rails and permanent-way material are now classified under iron and steel, locomotives appear under machinery (prime movers), while carriages and wagons are included under vehicles.

State-Operated Lines.—The figures available from the Monthly Trade Returns for Government Railway Stores are now extremely meagre. No provenance tables are given, while important items such as steel sleepers and permanent-way material, locomotives, etc., are not even separately classified. The only separately classified statistics appearing in the Monthly Returns are :—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Carriages and parts for railways ...	12	3
Wagons and parts for railways ...	1	—

In 1931/32 Rs.67 lakhs worth of locomotives and parts were imported on account of State Railways, Rs.37 lakhs being obtained from the United Kingdom and Rs.26 lakhs from Germany.

Company-Worked Lines.—The imports of railway material entering India as private merchandise on account of the Companies' lines were:—

Rails, Chairs and Fishplates.

Country of Origin	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
United Kingdom	3,025	7	1,150	4
Belgium	976	1	39	—
Other Countries	595	1	548	—
Total	4,596	9	1,737	4

Sleepers and Keys of Steel or Iron for Railways.

Country of Origin	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
United Kingdom	4,775	7	1,954	3
Belgium	345	½	1,408	1
Other Countries	507	½	33	—
Total	5,627	8	3,395	4

Railway Locomotive Engines and tenders and parts.

Country of Origin	1931/32	1932/33
	Rs. (lakhs)	Rs. (lakhs)
United Kingdom	41	26
Germany	15	3
U.S.A.	1	1
Other Countries	11	2
Total	68	32

Railway Carriages and parts.

Country of Origin	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	36	18
Germany	2	—
Belgium	4	2
Other Countries	2	3
Total	44	23

Railway Wagons and parts.

Country of Origin ...	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	15	11
Germany	5	1
Belgium	4	1
Other Countries	—	—
Total	24	13

The curtailment of capital expenditure and particularly of expenditure in sterling, which has now been the policy of the Government of India for some years, has seriously affected United Kingdom suppliers of rolling stock. Underframes of coaching stock and almost all the wagons required are now made in India and—apart from locomotives—the trade is now mainly confined to special orders and parts of rolling stock.

Motor Cars.—The progress of the trade over a period of years is clearly seen from the following table which gives the number of cars imported in each of the post-war years :—

	United Kingdom	United States (a)	Canada	France	Italy	Other Countries	Total
Year 1913–14 (pre-war)	1,669	868	—	111	7	225	2,880
War average (1914–15 to 1918–19) ...	537	1,681	—	49	28	22	2,317
Year 1919–20	448	9,353	20	3	17	84	9,925
,, 1920–21	2,541	10,120	1,938	192	218	423	15,432
,, 1921–22	790	802	576	158	222	347	2,895
,, 1922–23	449	1,386	1,846	61	131	450	4,323
,, 1923–24	1,005	2,865	3,290	153	370	301	7,984
,, 1924–25	1,682	3,106	3,956	215	235	186	9,380
,, 1925–26	2,399	4,143	4,775	367	860	213	12,757
,, 1926–27	2,546	4,030	4,476	607	1,416	122	13,197
,, 1927–28	3,600	6,031	3,400	538	1,367	186	15,122
,, 1928–29	3,645	10,145	4,366	277	967	167	19,567
,, 1929–30	3,758	9,620	2,318	364	1,150	189	17,399
,, 1930–31	2,885	5,098	3,250	261	917	190	12,601
,, 1931–32	2,178	3,368	676	161	510	327	7,220
,, 1932–33	3,958	1,201	296	84	226	436	6,201

(a) The country of origin of many of the cars imported from the United States of America during the years previous to 1920-21 is Canada.

The suspension of the gold standard on the 21st September, 1931, marks a definite turning point in the fortunes of the United Kingdom motor manufacturer in the Indian market. Prior to that date, although by dint of improved organisation he had managed slightly to improve his relative share of the trade, he had always had to face the competition of lower-priced cars from the United States and Canada. The depreciation of sterling, however, equalised the price position and the result is seen in the following statement:—

Country of Origin	1931/32 No.	1931/32 Rs.	1932/33 No.	1932/33 Rs.
United Kingdom ...	2,178	50,35,969	3,958	80,05,887
Germany	212	4,20,782	146	2,09,442
France	161	5,00,829	84	2,27,124
Italy	510	10,47,177	226	4,80,274
Canada	676	10,39,633	296	6,15,770
U.S.A.	3,368	65,28,963	1,201	28,51,862
Other Countries ...	115	2,38,547	290	4,69,259
Total ...	7,220	1,48,11,900	6,201	1,28,59,618

The increase in the United Kingdom share from 30 per cent to 63 per cent. of the numbers imported and from 32 per cent. to 62 per cent. of the values is almost entirely due to the variation of exchange and the position may once more change in favour of the United States if there is a substantial fall in the exchange value of the dollar. Meanwhile, the half-dozen or so leading United Kingdom makers are extending their local organisation. From the 1st January, 1933, United Kingdom makers have had the additional benefit of a preference of 7½ per cent. They should, therefore, be in a position to retain a considerable portion of the ground they have gained. Once the present depression lifts, the expansion of motor transport in India is likely to proceed at a greatly increased pace. Both the Central and Provincial Governments are now pledged to take up in earnest the improvement and extension of roads throughout the country. As I have repeatedly stated in the past, the market is one of the most promising ones in the Empire and will amply repay all the attention and care that can be given to it.

The following statement shows the number of motor vehicles registered in British India to March 31st, 1933:—

Provinces	Motor cars including taxi-cabs	Motor cycles including scooters and auto-wheels	Heavy motor vehicles (lorries, buses, etc.)	Total
	No.	No.	No.	No.
Bengal (including Calcutta) ...	36,861	5,168	4,724	46,753
Bombay City*	8,559	406	932	9,987
Bombay Presidency (excluding Bombay City and Sind) *	10,208	775	46	11,029
Madras City	13,606	3,168	2,094	18,868
Madras Presidency (excluding Madras City)*	7,251	1,493	5,691	14,435
United Provinces†	12,117	2,041	4,831	18,989
Punjab	5,415	1,058	4,741	11,214
Burma*†	9,842	1,165	5,738	16,745
Bihar and Orissa	11,085	1,495	2,680	15,260
Central Provinces*	3,077	623	1,658	5,358
Sind	2,046	408	463	2,917
Delhi	6,811	1,241	1,657	9,709
North West Frontier Provinces	3,649	1,509	2,709	7,867
Ajmer-Merwara	742	195	202	1,139
Assam†	1,947	198	1,606	3,751
Total	133,216	21,033	39,772	194,021

* Actually running.
† Figures relate to the year ending 31st December, 1932.

Motor Omnibuses, Vans and Lorries.—The trade in omnibuses and commercial vehicles has suffered from the depression to an even greater extent than that of pleasure cars.

	1931/32 Number	1932/33 Number
Vehicles imported with bodies ...	1,017	192
Chassis	2,085	2,484

The next table gives the provenance of the imports :—

Countries of Consignment ...	1931/32 No.	1931/32 Rs. (lakhs)	1932/33 No.	1932/33 Rs. (lakhs)
United Kingdom	435	14	517	10
Canada	598	9	338	6
United States	3,236	42	1,793	25
Other Countries	33	1	28	—
Total Imports... ...	4,302	66	2,676	41

The fact that the increased numbers of United Kingdom vehicles is accompanied by a considerable fall in the total values tends to show that more of the lighter trucks have been sold. In spite of the exchange advantage, the United Kingdom truck has so far not been able to make much headway against the lighter United States vehicle of the Chevrolet or Dodge type. The general position in India remains, therefore, largely unchanged. As I stated in my last Report, apart from the large cities such as Calcutta and Bombay where the tramways and other transport companies operate fleets of heavy vehicles, which are mostly of United Kingdom manufacture, the services throughout the country are almost exclusively equipped with light vehicles of the United States type. The reason for this is that the Indian who promotes a transport organisation has usually only a limited amount of capital. He is therefore attracted by low-priced United States and Canadian vehicles, which he usually purchases on the hire-purchase system, runs to death and scraps after a couple of years or so, thus avoiding the necessity for any repair and maintenance organisation. So long as these conditions prevail and due weight is not given to the longer life of the United Kingdom vehicle, it is difficult to see how United Kingdom types can obtain an entry into this business. Wherever transport companies are operated on modern scientific lines and attention is given to maintenance and repairs, the United Kingdom truck has a better chance, but it must be admitted that—apart from the few large cities—the transport both of passengers and goods is likely to continue to be carried in light vehicles, which are suited to the needs of the country. Until the United Kingdom industry is able to produce a light truck comparable with say the Chevrolet at a competitive price, there is small chance of our being able to capture the up-country business in buses and trucks.

Motor Cycles.—The reduced purchasing power among European, Anglo-Indian and Indian buyers of motor cycles has resulted in a severe fall in the numbers imported from 1,501 machines in 1930/31 to 926 machines in 1931/32 and 782 machines in the year under review.

Countries of Consignment	1931/32		1932/33	
	No.	Rs.	No.	Rs.
United Kingdom	808	3,89,816	699	3,26,887
United States	8	5,603	1	1,620
Other Countries	110	25,477	82	23,012
Total	926	4,20,896	782	3,51,519

The disappearance of United States machines from the market is, of course, due to the exchange handicap. In 1931/32, the imports

from " other countries " included 66 machines from Germany, 7 from France, the remainder being machines re-exported from the Straits Settlements and Ceylon.

Cycles (other than Motor Cycles and Parts thereof) and Accessories.—It is most satisfactory to note that the total imports have risen substantially from the low level of 1931/32 and that the trade shows signs of recovery. The figures are :—

	1930/31	1931/32	1932/33
	No.	No.	No.
Cycles imported entire or in sections ...	53,472	49,672	69,528
Values of parts of cycles and accessories	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)
(excluding rubber tyres)	51	47	60

The aggregate imports of cycles, parts and accessories were drawn as follows (in lakhs of rupees) :—

Countries of Origin	1930/31	1931/32	1932/33
United Kingdom	48	43	52
Germany	11	8	8
Japan	11	12	19
Other Countries	2	2	1
Total	72	65	80

The most remarkable feature of the past few years has been the rapidly increasing trade in Japanese parts, imported at prices far below those of United Kingdom or German makers, and assembled locally by dealers in the bazaars. During the past year, since the depreciation of the yen gave Japanese exporters an additional advantage, not only parts but complete machines have been imported at rates with which it is practically impossible to compete. I would once again refer to the very prevalent practice, among certain Indian firms who assemble machines from imported Japanese parts, of attaching the transfer of a well-known United Kingdom make and selling the machine as a British product. It is to be hoped that the local representatives of United Kingdom firms will prosecute in every case where they can establish proof. It is hoped that the preferential duty of 10 per cent. will assist United Kingdom manufacturers to regain their former share of the trade.

Provisions.—In 1927/28 the total imports of provisions reached a total of Rs.641 lakhs. In 1932/33 the coresponding total was

Rs.293 lakhs. The fall is due to reduced purchasing power, affecting such semi-luxury articles as biscuits, condensed milk, milk foods and canned fish, and also to the virtual elimination of the imports of vegetable products (vegetable ghee, vegetable fats, or solidified vegetable oils as they are popularly known), resulting partly from the development of local manufacture and partly from the agitation, carried on largely by interested parties, against their use.

The subjoined table gives the source of the imports of provisions during the past two years :—

Countries of Consignment ...	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	1,51	1,40
Netherlands	57	35
Straits Settlements (including Labuan)	24	20
China (including Hongkong) ...	10	8
U.S.A.	22	19
Australia	13	18
Other Countries	64	53
Total	3,41	2,93

Eliminating Rs.13½ lakhs worth of vegetable product (which is non-competitive) from Holland and also the imports of Oriental produce from the Straits Settlements and China, we find that the United Kingdom supplied 55 per cent. of the competitive trade as compared with 57 per cent. in 1931/32. The preferential duty of 10 per cent. should materially assist United Kingdom shippers of such items as canned and bottled fruits, fish, vegetables, etc.; cocoa and chocolate, confectionery and condensed and tinned milk.

The most important articles imported were the following :—

Principal Articles	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Bacon and Hams	10	9
Biscuits and Cakes	30	28
Butter	5	5
Canned or bottled fruits	7	8
Tinned or canned fish	7	9
Vegetable products (vegetable ghee, vegetable fat, etc.)	42	13
Other canned and bottled provisions	55	52
Cheese (including canned)	6	8
Cocoa and chocolate	3	3
Confectionery	16	15
Farinaceous foods in bulk	30	26
Milk foods for infants and invalids...	23	19
Other farinaceous foods	19	18
Jams and jellies	4	4
Milk, condensed and preserved, including milk cream	57	49
Pickles, chutnies, sauces and condiments	4	4

Liquors.—*Ale, Beer and Porter.*—The following table gives the imports, both quantities and values, during the past two years :—

Countries of Consignment	1931/32		1932/33	
	Gallons	Rs. (lakhs)	Gallons	Rs. (lakhs)
United Kingdom	2,473,274	49	2,446,565	50
Germany	554,593	15	507,657	14
Netherlands	341,584	6	282,211	6
Japan	259,594	4	415,965	4
Other Countries	95,717	2	65,352	2
Total	3,724,762	76	3,717,750	76

When the heavy import duties are taken into account, it is remarkable that the trade should have been maintained. In 1931/32, 1,352,059 gallons of beer were imported in bulk, mainly for the use of British troops, of which the United Kingdom supplied 1,322,389 gallons. Of the beer imported in bottle amounting to 2,245,296 gallons, the United Kingdom shipped 45 per cent., Germany 24 per cent., Holland 15 per cent. and Japan 11 per cent. The imports of stout and porter, amounting to 127,407 gallons, were almost entirely drawn from the United Kingdom.

As a result of the Ottawa Trade Agreement, United Kingdom shippers have the advantage of a preference of approximately 10 per cent. *ad valorem*, which is levied in the form of specific duties. This should enable them to increase their share vis-à-vis Germany, Holland and Japan.

Spirits.—The subjoined table shows the quantities and values of the principal kinds of spirit imported into India :—

Description	1931/32		1932/33	
	Gallons	Rs. (lakhs)	Gallons	Rs. (lakhs)
Brandy	153,085	19	113,921	17
Gin	80,926	7	86,078	7
Liqueurs	12,501	2	7,748	2
Rum	22,357	1	2,113	—
Whisky	315,414	53	331,416	55
Spirit present in drugs ...	102,923	31	102,479	33
,, perfumed	7,843	6	4,968	5
,, denatured	1,052,366	10	856,788	8
Other Sorts	22,035	7	18,800	7

The next statement gives the countries of consignment of all spirits :—

Countries of Consignment	1931/32		1932/33	
	Gallons	Rs. (lakhs)	Gallons	Rs. (lakhs)
United Kingdom	463,125	83	475,501	84
Germany	15,855	3	11,268	2
France	156,835	22	121,861	21
Java	1,068,632	10	856,861	8
United States	46,250	14	47,545	16
Other Countries	18,753	3	11,275	2
Total	1,769,450	1,35	1,524,311	1,33

When one takes into account the restrictive effect of the emergency import duties together with the reduced purchasing power of all classes of the community and, in particular, of the Europeans and Anglo-Indians, it is remarkable that the trade has weathered the depression so well.

Imports of brandy are almost entirely drawn from France with small quantities from the United Kingdom and Germany. In 1931/32 of a total importation of 315,414 gallons of whisky, the United Kingdom contributed no less than 314,320 gallons. German imports of cheap spirit for bazaar consumption had fallen to negligible quantities. Of 80,926 gallons of gin, the United Kingdom shipped 74,708 and Holland 5,742 gallons. Spirit present in drugs was obtained from the United Kingdom (45 per cent), the United States (43 per cent.) with lesser values from France and Germany. Perfumed spirit was drawn from the United Kingdom (39 per cent.), France (28 per cent.) and Germany (27 per cent.). Java, as usual, supplied practically the whole of the spirit which was denatured at Indian Custom Houses immediately on arrival and before clearance. With the development of the Indian sugar industry, this trade will probably decline to small proportions.

Wines.—The imports, never large, of wines varied very slightly from 164,674 gallons valued at Rs.15 lakhs in 1931/32 to 165,370 gallons valued at Rs.16 lakhs. Of the total imports in the former year, France supplied 35 per cent., Italy 18 per cent., Spain 5 per cent. and Portugal 4 per cent. The United Kingdom consigned 37 per cent. which, of course, represented re-exports from the four countries named.

Paper and Pasteboard.—The total imports record a substantial recovery from 2,190,698 cwt. valued at Rs.2,50 lakhs in 1931/32 to 2,639,549 cwt. valued at Rs.2,86 lakhs in the year under review. The following table shows the percentage shares of the principal countries in the total imports :—

	1913-14 (pre-war year)	1930-31	1931-32	1932-33
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom	56.2	31.2	30.2	27.8
Norway	5.1	15.0	10.3	14.2
United States	.8	4.5	4.5	2.8
Sweden	3.2	10.4	11.3	14.5
Netherlands	2.5	7.0	6.4	4.9
Japan	1.0	3.9	3.9	5.6
Germany	17.3	9.7	11.0	10.5
Austria	8.3	10.3	14.3	10.1
Other Countries	5.6	8.0	8.1	9.6
Total	100	100	100	100

Packing Paper.—There has been a marked improvement in this trade, the total imports actually exceeding in weight those of the last normal year 1929/30. Arrivals from the United Kingdom, however, fell from Rs.4½ to Rs. 3½ lakhs worth. It is to be hoped that the recently imposed preferential duty of 10 per cent. may deflect some of the trade to United Kingdom mills although it must be admitted that Scandinavian manufacturers, who control large resources of cheap pulp near the mills, have a great advantage.

Countries of Consignment	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
United Kingdom	20,199	5	19,395	4
Sweden	90,640	13	173,327	23
Norway	8,247	1	26,340	3
Germany	33,412	4	31,068	5
Netherlands	9,879	1	10,464	1
Austria	16,122	3	20,933	3
Other Countries	26,322	4	43,370	6
Total	204,821	31	324,897	45

Printing Paper.—Of a total import of 679,493 cwt. under this important heading, 456,572 cwt. represented news printing paper and 222,921 cwt. included " other sorts." Here again a recovery during the year is to be recorded.

Countries of Consignment	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
United Kingdom	49,928	10	44,665	9
Sweden	55,505	7	62,474	7
Norway	130,629	15	230,019	24
Germany	74,305	10	60,911	9
Netherlands	40,725	7	35,980	5
Belgium	6,035	1	4,989	1
Austria	200,019	23	152,099	17
Japan	400	—	2,745	1
Other Countries	58,434	7	85,611	10
Total	615,980	80	679,493	83

Scandinavia and Austria supply most of the newsprint, while Germany and Holland compete keenly in miscellaneous printing papers. The imports were divided, according to their subjection to the protective duty, as follows :—

	1931/32	1932/33
	Rs. (lakhs)	Rs. (lakhs
Protected	20	17
Not protected	60	66

Writing Paper and Envelopes.—The protective duty of 1¼ annas per pound on writing paper is a very valuable stimulant to Indian mills during periods of low prices like the present. The steadily diminishing imports during the past three years show that they are obtaining an increasing share of the trade. In the past year the United Kingdom secured 37 per cent. of the values imported but it is expected that, as a result of the 10 per cent. preferential rate of duty on a number of items, this proportion should be higher in future years. The statistics were :—

Countries of Consignment	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
United Kingdom	42,069	18	33,343	15
Sweden	10,022	2	10,518	2
Norway	27,530	6	38,701	8
Germany	12,115	3	10,803	3
Netherlands	15,265	3	11,726	2
Japan	4,382	1	12,188	2
Other Countries	47,918	11	32,374	7
Total	159,301	44	149,653	39

Miscellaneous.

	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Old newspapers in bags and bales	37	34	42
Other kinds of paper	27	25	28
Paper manufactures	12	10	11

The trade in old newspapers has not been greatly affected by the depression. In 1931/32, the United Kingdom supplied roundly 80 per cent. and the United States 20 per cent. Other kinds of paper are drawn from the United Kingdom (26 per cent.), Germany (16 per cent.), Sweden (15 per cent.), Norway (10 per cent.), Austria (9 per cent.) and the United States (5 per cent.). The United Kingdom provides 53 per cent. of the paper manufactures, the balance being derived from the United States, Germany, Sweden and Japan.

Chemicals and Chemical Preparations (excluding Chemical Manures and Medicines).—One of the most encouraging features of the past few years has been the steady advance in the imports of heavy chemicals in face of all obstacles such as enhanced import duties, political agitation and the "swadeshi" movement. This development reflects the progress which is being made in those Indian industries in which chemicals constitute a valuable raw material of manufacture. It also reflects the efficiency of the intensive sales and service campaigns of the rival United Kingdom and German groups. Although there was a slight setback in 1931/32, the total values for the past year have only once been exceeded (in 1929/30) and are three times as great as those of the average of the last five pre-war years. The total imports were:—

	Rs. (lakhs)
1927-28	2,64
1928-29	2,48
1929-30	2,79
1930-31	2,61
1931-32	2,57
1932-33	2,71

The following statement shows the position of the principal countries during the years 1930/31 and 1931/32, the last years for which details of provenance are available:—

[TABLE]

Principal Countries of Consignment		1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)
United Kingdom	...	1,41	1,41
Germany ...	...	48	47
Italy	...	19	15
United States	...	13	12
Russia (Northern)	...	1	2
,, (Southern)	...	—	5
Finland ...	...	2	2
Japan ...	...	4	6
Netherlands ...	...	7	6
Belgium ...	...	3	3
Kenya Colony	...	6	4
Total Imports (all sources)	...	2,61	2,57

The next table gives the percentage share of the principal countries of consignment over a series of years covering both the pre-war and post-war periods:—

	1913-14 (pre-war year)	1914-19 (war average)	1930-31	1931-32	1932-33
	%	%	%	%	%
United Kingdom	74.7	70.4	54.0	54.8	51.6
Germany ...	12.4	.7	18.3	18.1	14.9
United States ...	.3	5.5	5.2	4.6	5.4
Italy	5.2	2.8	7.3	5.9	5.6
Kenya Colony ...	—	.3	2.3	1.5	1.6
Norway	.5	.5	1.6	.8	.3
Japan	1.5	16.7	1.7	2.3	4.9
Other countries ...	5.4	3.1	9.6	12.0	15.7
Total ...	100	100	100	100	100

The recovery in the United Kingdom position during the past couple of years is eminently satisfactory and partly results from increased imports of sodium carbonate (soda ash and soda crystals) and caustic soda, both of which are United Kingdom specialities. Imports from Russia of sodium carbonate amounted in 1931/32 to Rs.5½ lakhs. In the same year half a lakh's worth of Russian caustic soda was imported. Though these imports from Russia have not yet assumed large proportions, they have had a disturbing effect on the market. Japan is now manufacturing increased quantities of soda compounds and competition from this source is likely to increase. Imports from Germany cover almost the whole range of chemicals and competition from the German "I.G." group working through the Havero Trading Company is very keen. Italy supplies most of the imports of sulphur. The following table gives particulars of the total imports under each of the principal headings during the past two years:—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Acids	8½	7¾
Bleaching Powder	9¾	9½
Carbide of Calcium	7½	7¼
Copper Sulphate	3	3
Disinfectants...	7	7
Glycerine	2½	3
Potassium Chlorate	8	11½
Sodium Bicarbonate	8	8
,, Carbonate	61¾	64¾
,, Cyanide	3½	3¼
Caustic Soda	31½	34
Sodium Silicate	2¼	2
Sulphur (Brimstone)...	16	19½

By the Heavy Chemical Industry (Protection) Act of 1931 protective duties at different rates were placed upon certain specified chemicals manufactured in India subject to the proviso that these protective duties (other than that on magnesium chloride) should have effect only up to the 31st March, 1933. After further investigation of the position, the Government of India stated, in a Resolution dated the 1st April, 1933, that :—

> " the chemical industry in India can have no future so long as manufacture is carried on in small units with low production, and no indication has appeared of any desire on the part of existing manufacturing interests to concentrate production into a small number of economic units for the supply of the existing market. In these circumstances, the only result of continuing protection to the heavy chemical industry would be to perpetuate uneconomic manufacture and to place a burden on the consumer of such chemicals for an indefinite period with no prospect of any national advantage. The Government of India accordingly decided to place no proposals before the Legislature for the continuance of protection to the heavy chemical industry after the 31st March, 1933. The protective duty on magnesium chloride, which is in force until the 31st March, 1939, remains unaffected by this decision."

The discontinuance of these protective duties should give a valuable stimulus to the import trade and will remove a retarding feeling of uncertainty as regards indigenous production.

At the Ottawa Conference 1932, it was agreed that a preferential rate of 10 per cent. should be applied to the following chemicals of United Kingdom production—tartaric acid; other acids (except acetic, carbolic, citric, oxalic and tartaric); anhydrous ammonia; other ammonia and salts thereof; disinfectants other than napthaline; bichromate of potassium; potassium compounds, other sorts (except chlorate and cyanide); bichromate of soda; cyanide of sodium; caustic soda; sodium carbonate (soda ash and soda crystals); other soda compounds (except bicarbonate, borax and sodium silicate); all other sorts of chemicals (except those indicated above as separately distinguished and except alum, arsenic, calcium carbide, glycerine, lead compounds, ferrous sulphate, magnesium compounds, sulphur and zinc compounds).

This valuable fiscal concession should materially increase the United Kingdom share of the trade and its effects will be watched with great interest.

Dyeing and Tanning Substances—Dyes obtained from Coal-Tar.—

The imports were as follows :—

Description	1931/32 Rs. (lakhs).	1932/33 Rs. (lakhs)
Alizarines—		
Dry...		†
Moist (not exceeding 16%)	1	2
,, (over 16% but not exceeding 20%)	12	11
,, (exceeding 20%)	5	4
Aniline	1,89	—
Congo Red	—	11
Coupling dyes of the naphthol group—		
Napthols, Rapid fast colours (rapid salts) and bases	—	30
Other sorts	—	11
Vat Dyes—		*
Indigo	12	16
Other Sorts—		
Paste	—	8
Powder ...	—	40
Sulphur black	—	11
Metanil yellow	—	4
Auramine of concentration of 15% and less	—	1
Rhodamines (Carthamines) of concentration of 15% and less	—	‡
Aniline Salts ...	—	1
Others	15	67
Total of dyes obtained from coal tar	2,33	2,17

*Rs. 29,294. †Rs. 29,546. ‡Rs. 29,401.

The above revised classification, which was introduced from April, 1932, makes annual comparisons difficult during the first few years. The following table, however, indicates the principal sources of supply of the total imports of dyes obtained from coal-tar in the years 1930/31 and 1931/32 :—

Principal Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)
United Kingdom	15	25
Germany	1,49	1,70
Switzerland ...	17	16
Italy ...	8	5
U.S.A.	14	11
Total Imports (all sources)	2,08	2,33

The United Kingdom is now firmly established as the second main supplier of dyestuffs to India. She is still overshadowed by the German "I.G." group but the progress made in recent years has been most encouraging and is likely to continue.

Soap.—The steady reduction in the imports of soap continues and is to be attributed, firstly, to increased production in India and secondly, to the reduction in purchasing power. The revenue import duty of 25 per cent. has had a strong protective effect and has brought about the establishment of scores of small soap factories all over India. Most of them produce soap which is not comparable with the imported article, but in times of restricted purchasing capacity and strong national sentiment, they are able to sell their brands against the imported product which is loaded in price with a 25 per cent. import duty. The only effective reply to uneconomic competition of this kind is the establishment of efficient modern factories within the Indian tariff wall, a development which is likely to grow in the future. The import statistics are:—

Description	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
Household & Laundry Soap...	265,655	56	244,730	49
Toilet Soap	31,776	28	43,812	31
Other Sorts	12,353	4	7,799	3
Total Imports... ...	309,784	88	296,341	83
Of which from—				
United Kingdom	264,763	75	248,063	70
Other Countries	45,021	13	48,278	13
Total	309,784	88	296,341	83

So far as household and laundry soap are concerned, United Kingdom makers are *hors concours* thanks to the excellence of their productions and to their efficient sales organisation. In 1931/32 the only competition experienced was from France (23,063 cwt. valued at Rs.3¾ lakhs) and Japan (1,193 cwt. valued at Rs.28,000). Imports from Japan, although still small, show a disconcerting tendency to grow and should be watched. In toilet soaps, however, the United Kingdom in 1931/32 supplied only 76 per cent., the United States 17 per cent. and lesser values from Germany, France and Austria. United States manufacturers rely upon wide advertising and standardised products and intensive selling by travellers and agents. The recent preferential duty of 10 per cent. should assist the United Kingdom in regaining a certain portion of this trade but it is noteworthy that the Indian

Legislature in order to protect the local industry imposed the 10 per cent. upon the existing 25 per cent. duty, which is still levied on the United Kingdom article and has a strangling effect on consumption.

Paints and Painters' Materials.

Paints and Colours.—There has been an encouraging increase in the total trade from Rs.66 to Rs.70 lakhs, which is still over Rs.40 lakhs below the post-war average figure. It must be borne in mind that there is an important and expanding paint industry in India, mainly controlled and managed by the leading United Kingdom manufacturers, which sets a limit on the future expansion of imports. The import position is as follows:—

Countries of Consignment	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
United Kingdom ...	163,886	43	160,652	43
Germany	69,577	8	40,077	9
Japan	24,923	4	56,977	7
U.S.A.	6,646	3	4,889	2
Other Countries ...	68,694	8	77,852	9
Total Imports ...	333,726	66	340,447	70

German competition, while extending over the whole range, is mainly in Paris blue and miscellaneous cheap colours for the bazaar trade. A formidable rival to the German trade is to be found in Japan, whose shipments of dry red lead, moist zinc white and miscellaneous colours are increasing rapidly. United States supplies are mainly of good quality colours for the use of Government Departments and industries. Imports of the most competitive types from the United Kingdom now enjoy a preferential tariff of 10 per cent.

Painters' Materials.—These comprise:—

Description	1931/32		1932/33	
	Cwt.	Rs. (lakhs)	Cwt.	Rs. (lakhs)
Genuine turpentine	2,599	1	1,788	1
Turpentine substitute ...	2,240	*	2,166	†
Varnish	28,375	14	29,526	14
Other kinds ...	Not recorded	6	Not recorded	7
Total ...	—	21	—	22

* Rs.38,047 † Rs.38,218

In 1931/32, the United Kingdom supplied two-thirds of the small quantity of genuine turpentine, Germany and Sweden sending the balance. The almost negligible quantities of turpentine substitute were drawn from the United Kingdom. The important varnish trade, however, was shared by the United Kingdom (80 per cent.), Germany (6 per cent.), the United States (4 per cent.), with lesser values from Holland and Belgium. The Indian branch works of one or two United Kingdom makers are now tendering for and securing a share of the orders for railway carriage shops, which is the most important demand.

Drugs and Medicines (excluding Chemicals and Narcotics).—The principal items enumerated under this comprehensive heading are :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Camphor	29	25
Asafoetida	2	1
Codliver Oil	[illegible]	1
Proprietary and Patent Medicines ...	46	38
Quinine Salts	26	26
Saccharine	2	2
Total imports of all kinds	1,91	1,86

The imports of camphor are shared by Germany and Japan. Asafoetida is derived exclusively from Persia. The small trade in cod liver oil is shared by the United Kingdom and Norway, Holland having temporarily dropped out of the market. It is when one comes to proprietary and patent medicines that the keenest competition is experienced, the United Kingdom in 1931/32 supplying 47 per cent., the United States 16 per cent., Germany 17 per cent., France 10 per cent., the Netherlands, Norway and Japan also supplying small percentages. Of the quinine salts, the United Kingdom supplied 33 per cent., Germany 42 per cent., Holland 8 per cent., Java 7 per cent. and the United States 2 per cent. Of the total trade in drugs in 1931/32, the United Kingdom contributed 34 per cent., Germany 22 per cent., the United States 10 per cent., Japan 9 per cent., with lesser proportions from France, Italy, Switzerland, Holland, Java and Persia. By the terms of the Ottawa Trade Agreement, the United Kingdom now enjoys a 10 per cent. preference on proprietary and patent medicines and certain other drugs, which should enable the United Kingdom share to be increased in the future. As I have repeatedly stated, however, United Kingdom manufacturers suffer most from the lack of a Pure Food and Drugs Act in India, as their competitors are able to sell drugs which do not equal the standard of the British Pharmacopoeia.

Apparel (excluding Hosiery, Boots and Shoes).—The following table shows the imports under each main heading:—

Article	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Apparel (including drapery, uniforms and accoutrements)	40	40
Gold and Silver thread	7	10
Hats, caps, bonnets and hatters ware ...	18	17
Lametta	5	6
Secondhand clothing	11	8
Waterproofed clothing	1	2
Total imports of all kinds ...	82	83

In 1931/32, the United Kingdom supplied 41 per cent. of the apparel, the principal competitors being Japan (39 per cent.), Germany (5 per cent.) and lesser values from the United States, Italy and France. Imports from Japan are expanding, but are usually of a cheaper type than the United Kingdom product. Gold and silver thread was drawn from France (66 per cent.) and Germany (33 per cent.). Hats, caps, etc., were supplied by the United Kingdom (19 per cent.), Czecho-Slovakia (27 per cent.), Japan (26 per cent.) and Italy (16 per cent.). Lametta is a virtual monopoly of France and Germany. The United States has for some years been ousting the United Kingdom from the considerable trade in second-hand clothing, United States shipments in 1931/32 representing 80 per cent. and United Kingdom 19 per cent. Japan for the first time supplied 1 per cent. The small arrivals of waterproofed clothing are almost entirely drawn from the United Kingdom.

The provenance of the total imports was as follows:—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	24	24
Germany	7	9
France	7	10
Italy	3	3
Japan	21	25
U.S.A.	10	7
Other Countries	9	6
Total	81	84

Hosiery.—*Cotton.*—The trade recovered half of the ground lost during the previous year:—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Stockings and socks...	9	12
Underwear	38	53
Other sorts	1	2
Total	48	67
of which from—		
United Kingdom		†
Japan	42	61
U.S.A.	1	1
Other Countries	5	5
Total	48	67

* Rs.52,807 † Rs.61,111

From the point of view of the hosiery maker in the United Kingdom, the bulk of the trade may be regarded as being non-competitive. The average value of the underwear, for example, was just over Rs.2—say three shillings per dozen singlets—3d. each ! Even Germany, which held this trade before the war, cannot now compete with Japan. "Other countries," apart from Germany are Hongkong and China. It is remarkable that the United States should send over £7,500 worth of higher-grade hosiery for European wear into a market of British consumers.

Woollen.—Imports have fallen to one-third of their normal value :—

1930/31	1931/32	1932/33
Rs.9,72,448	Rs.6,69,114	Rs.6,92,501

In 1931/32 the United Kingdom supplied 83 per cent., Japan 8 per cent., Germany 3 per cent., with small values from France and Italy.

Haberdashery and Millinery.—Although there was a noticeable recovery during the year, the total import of Rs.68 lakhs is merely one-half the pre-war average figure of Rs.137 lakhs. The following headings are included in the classification :—

Article	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Lace and Embroidery	16	21
Towels not in the piece	6	10
Other Sorts	32	37
Total	54	68

The provenance of the imports was as follows :—

Principal Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	14	14
Germany	11	13
France	3	2
Switzerland	2	4
Italy	8	10
Japan	10	18
Other Countries	6	7
Total	54	68

In 1931/32 the United Kingdom supplied 14 per cent. of the lace and embroidery, Italy 36 per cent. (which must be mostly Swiss goods exported from Genoa or Venice), Germany 25 per cent., Austria 7 per cent. and Switzerland 7 per cent. Of the towels not in the piece, 92 per cent. consist of cheap towels from Japan of a non-competitive grade. The United Kingdom contributed 5 per cent. of high grade towels. The comprehensive heading of "other sorts" was contributed to by the United Kingdom (34 per cent.), Germany (22 per cent.), Japan (14 per cent.), Italy (8 per cent.), France (6 per cent.) and Czecho-Slovakia (5 per cent.). The preferential margin of 10 per cent. should assist United Kingdom shippers to improve their share.

Boots and Shoes.—As a result of the heavy duty of 25 per cent., or 5 annas per pair whichever is higher, imposed on the miscellaneous types of footwear, the remarkable incursion of millions of pairs of Japanese rubber-soled shoes of the cheapest type has been checked to some extent. The total imports were classified, according to type, as follows:—

Description	1931/32		1932/33	
	Pairs	Rs. (lakhs)	Pairs	Rs. (lakhs)
All leather	244,072	11	424,910	14
Rubber soled—				
With canvas uppers	6,435,496	42	6,414,283	30
With uppers of leather or other material	131,682	1	35,945	—
All rubber	2,543,590	9	813,109	3
Of other materials ...	134,712	2	193,273	3

The heavy fall in Japanese prices consequent upon the depreciation of the yen is evident from a comparison of quantities and values. In 1931/32, the average price of rubber-soled shoes with canvas uppers was Rs.0.65 (say one shilling) per pair, whereas in 1932/33, it was only Rs.0.46 (say 8½d.) per pair.

The provenance of the imports was as follows:—

Countries of Consignment	1931/32		1932/33	
	Pairs	(Rs. lakhs)	Pairs	Rs. (lakhs)
United Kingdom ...	153,249	7	206,854	6
Germany	63,932	1	93,085	1
Austria	6,512	*	2,327	†
Czechoslovakia ...	63,036	2	268,462	5
Japan	8,734,243	49	6,891,752	32
Other Countries ...	468,580	6	419,040	8
Total imports	9,489,552	65	7,881,520	52

* Rs.34,262 † Rs.21,161

The United Kingdom trade in leather shoes has fallen in five years to one-quarter of its former value. This is mainly due to restricted purchasing power, which has resulted in the substitution of Japanese rubber-soled footwear, but is also attributable to the competition from the Bata Works, Zlin, Czechoslovakia. Messrs. Bata now operate a well-equipped factory at Calcutta, thereby avoiding the import duty, so that although the United Kingdom suppliers now enjoy a preferential margin of 10 per cent., they will have to face the competition of similar types of shoes made in India. In 1931/32, the imports of canvas shoes with rubber soles were drawn from Japan (93 per cent.) and Italy (2½ per cent.). United States and Canadian products have been driven from the market by Japanese goods. All-rubber shoes were entirely drawn from Japan. Shoes of other materials were supplied by Italy (38 per cent.)—probably Czechoslovak goods in transit—Czechoslovakia (25 per cent.), and the United Kingdom (16 per cent.).

Leather. —The imports of unmanufactured leather were :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Hides, tanned or dressed	1	2
Skins, tanned or dressed	8	13
Unwrought	5	4
Leather Cloth (including artificial leather)	4	4

The imports of tanned or dressed hides in 1931/32 were drawn in almost equal proportions from the United States, the United Kingdom and Ceylon. Dressed or tanned skins are obtained from the United States, Germany and the United Kingdom. Unwrought leather is contributed by the United States (55 per cent.), the United Kingdom (30 per cent.), and Germany (8 per cent.). The United Kingdom has improved its share of leather cloth to 61 per cent., the United States competing with 20 per cent. From the point of view of the United Kingdom manufacturer, the more important import is that of leather manufactured goods:—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Bags and Trunks	1	1
Pickers	5	5
Picking bands and straps	7	8
Roller skins	7	6
Saddlery and harness	1	—
Other sorts	7	7

The United Kingdom in 1931/32 supplied over 60 per cent. of the unimportant trade in bags and trunks. United Kingdom makers supply the bulk of the leather specialities for the jute and cotton mills, but there is some competition from Holland (10 per cent.) in pickers and from France (16 per cent.) and Holland (16 per cent.) in picking bands and straps. Practically the whole of the roller skins and of the saddlery and harness is imported from the United Kingdom. Of fancy manufactured leathers (other sorts) the United Kingdom sent 57 per cent., the United States 28 per cent. and Germany 9 per cent. By the terms of the Ottawa Trade Agreement, tanned or dressed skins, unwrought leather, leather cloth and other manufactures of leather (except pickers, roller skins, saddlery and harness and bags and trunks) are subject to a preferential margin of 10 per cent. The following table shows the origin of the total imports of leather and leather goods :

Principal Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	25	24
Germany	4	6
U.S.A.	10	11
Other Countries	6	9
Total	45	50

Belting for Machinery.

Cotton Belting.—

Countries of Origin	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	4	6
Other Countries	1	1
Total	5	7

In 1931/32 Germany sent Rs.50,000 and the United States Rs.16,000 worth.

Leather Belting.—After a sharp drop from the figures of 1929/30, the total trade partially recovered but the depression in Indian industries is still retarding progress.

Countries of Origin	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	15	16
U.S.A.	8	7
Other Countries	3	3
Total	26	26

Although United States shipments have fallen away during the past 18 months due to the depreciation of the sterling exchange, the two or three United States manufacturers of high grade belting still compete keenly and are well represented. " Other countries " in 1931/32 included Holland (Rs.88,000), Germany (Rs.56,000) and Japan (Rs.62,000).

There is no preferential duty on any form of belting as it is regarded by the Government of India in the light of a raw material of industry.

Belting of other materials (including Coir).

Countries of Origin	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	13	14
Germany	3	2
United States	2	1
Other Countries	1	3
Total	19	20

" Other countries " in 1931/32 include Japan (Rs.90,000) and Belgium (Rs.16,000). Competition from at least one Calcutta manufacturer is met with in camel hair and canvas belting.

Bobbins.—*Paripassu* with the increased activity in the Indian cotton mill industry, imports of bobbins continued to advance until 1930/31, since when there has been a sharp setback, probably due to enforced economies as a result of unprofitable trade.

Countries of Origin	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	34	24	19
Germany	2	3	4
Other Countries	7	5	6
Total ...	43	32	29

In 1929/30 the United Kingdom secured 88 per cent. of the trade but owing partly to political feeling on the part of certain Indian mills, the United Kingdom share fell to 67 per cent. in the year under review. The imports from Japan increase steadily and in 1931/32 totalled over Rs.3½ lakhs.

Books and Printed Matter.—The effects of enforced economy due to the economic depression are evident in the marked decline in the imports of literature of all kinds :—

1930/31	1931/32	1932/33
Rs.60,91,405	Rs.53,38,433	Rs.46,37,677

In 1931/32 the United Kingdom contributed 81 per cent., the United States 10 per cent. and Germany 3 per cent. United Kingdom publishing and scholastic supply firms are strongly represented and maintain their share of the trade.

Stationery (excluding Paper).—Although there was a slight recovery during the year, the total imports have declined by 25 per cent. from the peak of 1929/30.

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	44	36	33
Germany	20	16	21
Japan	5	5	9
U.S.A.	4	3	2
Other Countries	8	8	7
Total	81	68	72

The United Kingdom has lost ground since 1929/30, when she supplied 53 per cent. of the trade, but it is hoped that the preferential margin of duty of 10 per cent. which she now enjoys on most items (excluding paper and slate pencils) will assist against German and American competition. Japanese supplies are so low-priced as to be beyond the competitive range. " Other countries " include Sweden, Italy and Austria.

Tobacco.—The phenomenal fall in the total imports of tobacco has at last been checked as a result of a remarkable expansion in the imports of leaf tobacco due to increased manufacture of cigarettes in India. The imports of cigarettes continue to decline and are now less than one-eighth of the total value in 1927/28. In my last report I commented upon the serious situation caused by the boycott movement and stated that the depression and political agitation of 1930 affected the import trade in tobacco more than any other important United Kingdom trade with the single exception of cotton piecegoods. While the political agitation has died down, the problem of restricted purchasing power is still acute. Moreover, the imposition of additional emergency import duties is placing the imported cigarette beyond the purchasing capacity of a large section of the population. To meet this price difficulty

and also to conform to the growing " swadeshi " sentiment, the Companies concerned are greatly expanding their production in India. The following are the principal forms in which tobacco was imported :—

Description	1930/31 lbs.	1931/32 lbs.	1932/33 lbs.
Unmanufactured tobacco	1,608,381	2,844,919	5,115,672
Cigars	32,514	21,358	15,030
Cigarettes	3,059,692	1,435,980	831,571
Tobacco for pipes and cigarettes ...	189,648	129,433	48,629
Other sorts	39,752	45,766	40,729
Total	4,929,987	4,477,456	6,051,631

The remarkable increase in the production of cigarettes in India is evidenced by the greater importations of leaf tobacco, while the effect of crushing taxation at a time of restricted purchasing capacity is seen in the decline in imports of all types of manufactured tobaccos. The provenance of the imports of cigarettes was as follows :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	1,18	49	26
China	2	3	1
Other Countries	2	1	2
Total	1,22	53	29

Imports from the United Kingdom were £1,500,000 less in value than in the year 1927/28 and allowing for a recovery from the abnormally depressed situation in 1932/33, it is to be feared that there will be a permanent reduction of approximately £1,000,000 sterling in the United Kingdom export trade.

Rubber Manufactures.—*Rubber Tyres.*

(1) *Pneumatic Motor Covers.*—The diminution in the total trade continues but with reduced intensity so far as values are concerned. Quantities, however, were lower by 56,366 covers, The provenance of the imports was as follows :—

[TABLE]

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	37	31	45
Germany	17	8	8
France	7	8	6
Italy	13	12	14
Canada	20	7	5
U.S.A.	69	66	40
Other Countries	5	3	8
Total	1,68	1,35	1,26

The outstanding features of the year were the slight improvement in tyre prices and the heavy fall in imports from the United States as a result of the depreciation in the sterling exchange. It is satisfactory to note that United Kingdom manufacturers have greatly improved their position and, with a 10 per cent. preference in their favour, should materially advance their share of the trade in future. The principal United States companies now operate plants in the United Kingdom and will probably fulfil Indian orders from these factories in order to avail themselves of the preference.

(2) *Pneumatic Motor Cycle Covers.*—Just as the motor cycle trade in India is relatively unimportant, so is that of the tyres required for them :—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
From—United Kingdom	0.61	0.51
,, U.S.A.	0.09	0.08
,, Other Countries	0.36	0.22
Total	1.06	0.81

(3) *Pneumatic Cycle Covers.*—The reduction of imports of pedal bicycles during the past few years has caused some reduction in the tyres required for renewals.

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
From—United Kingdom	15	12
Germany	3	1
France	3	1
Other Countries	4	5
Total	25	19

" Other countries " in 1931/32 included Italy (Rs.3½ lakhs) and Japan (Rs.23,000).

(4) *Solid Rubber Tyres for Motor Vehicles.*—The recently extended use of pneumatic tyres on heavy vehicles is accountable for a large share of the reduced trade.

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
From—United Kingdom	2	2
Germany	1	—
U.S.A.	1	1
Other Countries	—	—
Total	4	3

(5) *Tubes.*—The statistics for the past two years are:—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Pneumatic motor tubes	20	18
,, motor cycle tubes	0.35	0.27
,, cycle tubes	13	10

Other Manufactures of Rubber (except Apparel and Boots and Shoes).—The total imports aggregated:—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
24,33,086	22,82,191	22,05,266

This omnibus heading includes mechanical rubbers of all kinds, vacuum brake fittings, rubber hose, etc., and has followed the depression in most Indian industries since 1927/28. In 1931/32 the United Kingdom secured 38 per cent., the United States 28 per cent., Germany 20 per cent. and Japan 4 per cent. The competition from Japan will probably increase at the expense of the United States and the Continent. In view of the active branch distributing organisations maintained in Indian by the leading United Kingdom manufacturers coupled with a 10 per cent. preference, the United Kingdom share should be greater in future.

Instruments, Apparatus, Appliances and Parts thereof.—This comprehensive classification is made up as follows:—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Electrical Apparatus	2,23	2,34
Musical Instruments	22	24
Optical Instruments	6	7
Cinematograph films—raw	9	11
,, ,, exposed	17	19
Photographic Apparatus	32	31
Scientific Instruments	14	14
Surgical Instruments	14	14
Wireless Apparatus	9	10
Other Kinds	23	21
Total Imports	3,69	3,85

In 1931/32 the United Kingdom contributed 50 per cent. of the total, the United States 17 per cent., Germany 16 per cent., Holland 4 per cent. and lesser values from Japan, Belgium, Italy, France, Czechoslovakia, Austria, etc. Analysing the various sub-headings we find that:—

Musical Instruments.—The United Kingdom in 1931/32 supplied 55 per cent., Germany 23 per cent., Switzerland 6 per cent. and the United States 5 per cent. German competition is principally in band instruments and talking machine accessories. The United States supplies small quantities of talking machines and accessories and miscellaneous instruments. The imports from Switzerland are almost entirely gramophone accessories. The principal United Kingdom group of gramophone manufacturers produce records in India on an increasing scale.

Optical Instruments.—The hold which Germany formerly held on this trade seems to be passing to Japan. The imports in 1931/32 were derived as follows:—United Kingdom 14 per cent., Germany 30 per cent., Japan 42 per cent. and France 10 per cent.

Cinematograph Films—Raw.—In 1931/32, the last year for which details are available, the imports were:—

Countries of Consignment	Length in ft.	Rs. (lakhs)
United Kingdom	3,150,500	1
Germany	8,416,685	4
Belgium	5,079,924	2
U.S.A.	5,055,257	2
Total Imports (from all sources)... ...	22,346,043	9

The principal port of entry is Bombay. With the developing Indian industry, the demand for raw films should expand considerably and, as United Kingdom manufacturers now enjoy a preference of 10 per cent. the United Kingdom share should improve.

Cinematograph Films—Exposed.—The imports in 1931/32 were as follows:—

Countries of Consignment	Length in ft.	Rs. (lakhs)
United Kingdom	895 656	2
Ceylon	1,271,555	1
Germany	1,105,115	2
France	717,325	.1
U.S.A.	4,420,021	11
Total Imports (from all sources)... ...	8,979,862	17

During the past two years there has been a remarkable development in the display of United Kingdom films, thanks to the enterprise of the owners of the New Empire Theatre, Calcutta, who endeavour to maintain a constant display of the best United Kingdom productions not only in their own theatre but in an extensive

circuit of cinemas throughout India, Burma and Ceylon. The popularity of United Kingdom films proves that if only our producers will take greater pains to cultivate the market, their enterprise will be rewarded. As I have repeatedly stated, I regard India as one of the most promising outlets in the Empire for British films. Imports from the United States were reduced for the first time in 1931/32 and it is probable that a further fall will be recorded during 1932/33. United States producers are very active with an elaborate organisation supervised by resident representatives. They are, at the moment, endeavouring to stage a revival by quoting remarkably low prices. There is no preferential duty on United Kingdom exposed films. Attention should be called to the recent remarkable increase in imports of films from Ceylon at the low average declared value of Rs.0.08 per foot as compared with an average declared value in the case of imports from the United States of Rs.0.25 per foot. There would appear to be an attempt at evasion of Customs duties by this route.

Photographic Apparatus.—The trade is being maintained in spite of the depression. In 1931/32 the United Kingdom supplied 38 per cent., the United States 32 per cent. and Germany 22 per cent. The preferential duty of 10 per cent. should induce suppliers such as the Kodak Company to supply the Indian market from their works in England and will give a valuable fillip to the United Kingdom producer.

Scientific and Philosophical Instruments.—The trade is contributed to by the United Kingdom (63 per cent.), Germany (22 per cent.) and the United States (10 per cent.). This heading includes a wide variety of instruments and apparatus such as laboratory apparatus, surveying instruments, meteorological instruments, nautical instruments, drawing and mathematical instruments and measuring and recording instruments. An exhaustive report on the market in India for optical and scientific instruments was recently submitted to the Department of Overseas Trade, to whom application should be made by firms interested.

Surgical Instruments.—The imports have registered a steady fall since 1927/28. During 1931/32 the United Kingdom supplied 53 per cent., Germany 28 per cent. and the United States 11 per cent. German and United States competition has shown a tendency to increase of recent years. German makers are quoting very low rates for instruments which are good enough for the purpose and which attract many Indian surgeons to whom low-price is the main desideratum. An exhaustive report on the Indian market has recently been compiled by H.M. Trade Commissioners at Calcutta and Bombay and can be consulted at the Department of Overseas Trade.

Wireless Apparatus.—The total imports have risen from Rs.9 to Rs.10 lakhs during the past year mainly on account of plant extensions to the large transmitting and receiving stations operated

by the Indian Radio and Cable Communications Co., Ltd. Particulars of the developments of the wireless beam telegraph service and the wireless telephone service between India and the United Kingdom will be found in Chapter I. The Government of India State Broadcasting Service continues to operate and should be given a fresh lease of life by the inauguration in December, 1932, of the Empire Broadcasting Service from the United Kingdom. Atmospherics, however, seriously interfere with the service in many places and have, so far, prevented any very extensive development in the sale of short-wave receiving sets. There seems to be little doubt, however, that these difficulties will, in time, be surmounted. The Indian market is one which would seem to present long-range possibilities when the physical difficulties and problems of finding local talent are overcome. Detailed reports on the conditions and prospects of the Indian market for wireless receiving apparatus have recently been submitted by H.M. Trade Commissioners at Calcutta and Bombay and may be consulted on application to the Department of Overseas Trade. The following statement gives the imports of wireless apparatus during the past two years:—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom ...	6.63	8.39
Germany	0.50	0.50
Netherlands	1.14	0.65
U.S.A.	0.85	0.61
Other Countries	0.26	0.23
Total	9.38	10.38

By the terms of the Ottawa Trade Agreement, all wireless reception instruments and apparatus and component parts thereof, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed are subject to an import duty of 40 per cent. if imported from the United Kingdom and 50 per cent. if imported from other countries.

Electrical Apparatus.—Although there was a recovery in the total imports in 1932/33 from Rs.223 to Rs.234 lakhs, the trade has suffered from the prevailing economic slump and has fallen from a peak of Rs.361 lakhs in 1929/30. Even so, it is to-day more than three times the value of the average annual pre-war figures. The following statement gives the description and value of the several classes of electrical apparatus imported during the last three years:—

	1930/31	1931/32	1932/33
	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)
Electric fans and parts thereof ...	26	19	22
,, wires and cables	1,05	60	59
Telegraph & telephone instruments	5	5	5
Electric lamps and parts thereof ...	59	54	55
Batteries	13	11	13
Carbons, electric	3	3	3
Accumulators	18	9	9
Electric lighting accessories and fittings, including switches ...	9	8	8
Meters	7	7	10
Electro medical apparatus, including X-ray apparatus	3	3	3
Switch boards (other than telegraph & telephone)	3	3	2
Unenumerated	60	41	45
Total imports of all kinds	3,11	2,23	2,34

Analysing these statistics we find that so far as electric fans are concerned, the total trade advanced from Rs.19½ lakhs to Rs.22½ lakhs, the United Kingdom share being increased from Rs.10½ lakhs to Rs.13 lakhs and that of Italy from Rs.4 lakhs to Rs.4½ lakhs. Arrivals from other countries fell from Rs.4¾ to Rs.4¼ lakhs. Under the heading of electric wires and cables, the total imports fell slightly from Rs.60¼ lakhs to Rs.59 lakhs, the United Kingdom share being reduced from Rs.43¼ lakhs to Rs.41 lakhs. that of Germany from Rs.8¼ lakhs to Rs.6 lakhs and Belgium from Rs. 3 lakhs to Rs.2 lakhs. Arrivals from Japan, on the other hand, rose from Rs.1 lakh to Rs.7 lakhs. Telegraph and telephone apparatus amounting to Rs.5½ lakhs was imported, of which the United Kingdom supplied Rs.4 lakhs worth. The imports of gas filled electric bulbs fell from Rs.16 lakhs to Rs.14½ lakhs. Arrivals from the United Kingdom rose from Rs.7 lakhs to Rs.8 lakhs, while Dutch shipments fell from Rs.4¾ lakhs to Rs.3½ lakhs. Imports of vacuum electric bulbs totalled Rs.16 lakhs in 1931/32 and Rs.16¾ lakhs in the period under review. The United Kingdom share remained steady at Rs.5½ lakhs, that of Holland was slightly reduced from Rs.5¼ lakhs to Rs.4¾ lakhs, whereas imports from Japan advanced from Rs.2 lakhs to Rs.3¼ lakhs. The imports of electric bulbs for automobiles amounted to Rs.1½ lakhs, of which Rs.1 lakh from Japan, Rs.⅓ lakh from the Netherlands, Rs.⅓ lakh from "other countries" and a trivial amount of Rs.11,000 from the United Kingdom. In the case of electric bulbs for torches, the total trade rose from Rs.2¼ lakhs to Rs.3¼ lakhs. Japanese shipments increased from Rs.½ lakh to Rs.1¼ lakhs and those from the United States from Rs.¾ lakh to Rs.1¼ lakhs. Imports from the United Kingdom were negligible at Rs.3,500.

The total trade in batteries rose from Rs.11 lakhs to Rs.13 lakhs. Imports from the United Kingdom grew from Rs.2 lakhs to Rs.3½ lakhs while those from the United States remained steady at Rs.7 lakhs and " other countries " at Rs.2 lakhs. Imports of accumulators also advanced from Rs.8½ lakhs to Rs.9 lakhs and the United Kingdom share from Rs.6 lakhs to Rs.8 lakhs. Arrivals from the United States amounted only to Rs.¾ lakh. The trade in electric lighting accessories and fittings (including switches), amounting to Rs.7¾ lakhs, was contributed to by Germany Rs.3¾ lakhs, the United Kingdom Rs.2¾ lakhs and " other countries " Rs.1¼ lakhs. The trade in meters advanced from Rs.6½ lakhs to Rs.10 lakhs, the United Kingdom share rising from Rs.3¼ lakhs to Rs.5½ lakhs, that of Germany from Rs.2 lakhs to Rs.2½ lakhs and " other countries " from Rs.1 lakh to Rs.1¾ lakhs. Electro-medical apparatus (including X-ray apparatus) amounting to Rs.3¾ lakhs was obtained from the United States Rs.1¼ lakhs, the United Kingdom Rs.¾ lakh and " other countries " Rs.1¼ lakhs. Practically the whole of the Rs.2 lakhs worth of switch-boards arrived from the United Kingdom. The imports of electrical goods and apparatus, not enumerated, rose from Rs.40 lakhs to Rs.51½ lakhs. The United Kingdom share remained steady at Rs.21½ lakhs, that of Germany rose from Rs.5½ lakhs to Rs.7½ lakhs, while that of the United States fell from Rs.10 to Rs.8½ lakhs.

The provenance of the total imports was as follows :—

Principal Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	1,15	1,22
Germany	33	34
Netherlands	13	11
Belgium	5	3
Italy	5	6
Japan	5	17
U.S.A.	30	26
Other Countries	17	15
Total Imports ...	2,23	2,34

It is satisfactory to note that the United Kingdom percentage rose slightly from 51 to 52. Japanese competition was most severe in electric wires and cables (Rs.6 lakhs worth of bare copper wire), vacuum electric bulbs and electric bulbs for torches and automobiles, and miscellaneous electrical apparatus. By the terms of the Ottawa Trade Agreement, a preferential rate of duty of 10 per cent. is granted on the following items of electrical apparatus :— electric fans and parts thereof; certain specified electric wires and cables; standard lighting lamps; batteries; certain accumulators; electric lighting accessories and fittings (including switches);

meters (other than telegraphic and telephonic); electro-medical apparatus (including X-ray); other electrical instruments (other than telegraphic and telephonic) except meters; other electrical goods and apparatus (except certain electric wires and cables, telegraph and telephone instruments and apparatus, flash lights, parts and accessories of electric lamps, carbons, condensers, bell apparatus and switch boards).

Earthenware and Porcelain.—The classification includes:—

Articles	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Pipes of Earthenware ...	*	†
Sanitary ware	7	5
Other kinds of Earthenware	14	14
Electrical Porcelain ...	1	1
Other kinds of Porcelain ...	16	29
Total Imports. ...	38	49

* Rs.5,888. † Rs.5,902.

Earthenware pipes are now manufactured in India and the imports are confined to specialities. Of the sanitary earthenware, the United Kingdom in 1931/32 supplied 80 per cent., Germany 12 per cent. and France 5 per cent. This trade is strongly held by United Kingdom manufacturers, who are well represented and hitherto have enjoyed practically the whole of the trade. Competition from Japan has been experienced during the past year. Other kinds of earthenware were, in 1931/32, contributed by the United Kingdom (51 per cent.), Japan (22 per cent.) and Germany (7 per cent.). Most of the imports from Holland and Belgium were probably German goods shipped from Rotterdam or Antwerp. The actual German share is probably about 20 per cent.

The meagre imports of electrical porcelain were drawn from the United Kingdom (26 per cent.), Germany (51 per cent.) and Japan (21 per cent.). Other kinds of porcelain, including cheap table-ware, common crockery, etc., were imported, in 1931/32, from Japan (84 per cent.), the United Kingdom (6 per cent.) and Germany (4 per cent.). Staffordshire makers have lost to Japan the valuable trade in cheap tableware which they formerly held in the Bombay, Calcutta, Karachi and Rangoon markets, as it is, in practice, impossible for them to meet Japanese prices.

The total imports of earthenware and porcelain in 1932/33 were derived as follows:—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom ...	14	12
Germany	3	3
Japan	17	32
Other Countries	4	2
Total Imports ...	38	49

During the past year, aided by the depreciation of the yen, Japan has flooded all Indian markets with earthenware and porcelain of all kinds at prices, with which it is impossible for Europe to compete. Although United Kingdom manufacturers now enjoy a 10 per cent. preference on all sorts of earthenware, china and porcelain except earthenware pipes and sanitary ware, this is not sufficient to bridge the gap between their prices and those of the Japanese products. It may, however, enable them to recover a certain amount of the trade from the Continent.

Glass and Glassware.—The following statement shows the types of imported glass and glassware :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Bangles	35	40
Beads and false pearls ...	9	12
Bottles and phials... ...	24	24
Funnels, globes and glass parts of lamps	7	7
Scientific glassware ...	1	1
Sheet and plate glass ...	20	23
Tableware	6	5
Other glassware	20	30
Total Imports	1,22	1,42

The heavy drop since 1929/30 in the imports of bangles and beads, which are the trinkets of the poorest classes, reflects the severity of the economic depression and its effect in reducing the purchasing power of the people. It is encouraging to note that there was a slight recovery in 1932/33. The provenance of the total imports was as follows :—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	13	12
Germany	20	18
Belgium	13	15
Austria	1	1
Czechoslovakia	23	23
Italy	2	2
Japan	42	65
Other Countries	8	6
Total	1,22	1,42

The United Kingdom is not concerned with the imports of glass bangles and beads, the former being a speciality of Czechoslovakia and Japan, which countries divided the supply in 1931/32, and the latter being provided by Japan, Czechoslovakia and Italy.

In 1931/32 the imports of sodawater bottles (totalling over Rs.9 lakhs in 1931/32) were supplied by Germany (48 per cent.), the United Kingdom (41 per cent.) and Japan (3 per cent.). Japanese competition will probably increase. Other kinds of bottles were drawn from Japan (55 per cent.), Germany (32 per cent.) and the United Kingdom (5 per cent.). Even the Continental glass manufacturers are not able to reduce their prices to the level of Japanese quotations. The trade in funnels, globes and glass parts of lamps was shared by Germany (40 per cent.), Czechoslovakia (15 per cent.), Austria (8 per cent.), the United States (9 per cent.) and the United Kingdom a meagre 4 per cent. The trifling imports of scientific glassware were drawn from Germany (62 per cent.) and the United Kingdom (25 per cent.). In plate and sheet glass, however, the United Kingdom supplied 16 per cent., representing the finer qualities, while Belgium (60 per cent.) shipped large quantities of cheap window glass. Tableware was obtained from Japan (59 per cent.), Germany (12 per cent.), the United Kingdom (11 per cent.) and Belgium (6 per cent.). Miscellaneous glassware was drawn from Japan (49 per cent.), the United Kingdom (14 per cent.), Germany (13 per cent.) and lesser values from Austria, Italy, Belgium and France. Glassware is not subject to any preferential duties.

Building and Engineering Materials (Other than Iron, Steel and Wood.)—The slowing down of most Indian industries coupled with reduced building activity is responsible for the drop in the total imports from Rs.110 lakhs in 1930/31 to Rs.77 lakhs in the year under review. The principal items in the classification are the following:—

Description	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Asphalt	28	21	27
Bricks (other than firebricks) ...	*	†	‡
Firebricks	2	1	1
Portland Cement	52	38	27
Cement (other kinds)	3	2	2
Tiles...	15	13	12
Other kinds...	10	9	8
Total Imports	1,10	84	77

*Rs.4,469. †Rs.5,604. ‡Rs.19,619.

Detailed figures for 1932/33 are not yet available but in the previous year the imports of asphalt were obtained from Egypt (40 per cent.), the Netherlands (26 per cent.), the United States (23 per cent.) and Trinidad (3 per cent.). The projected development of Indian roads during the coming years will provide an increasing

market for asphalt and it is to be hoped that the 10 per cent. preference will assist the Trinidad exporters. The trifling imports of bricks were mainly obtained from the United Kingdom. Firebricks were supplied by the United Kingdom (95 per cent.). The important trade in tiles is shared by Italy (28 per cent.), Belgium (23 per cent.), the United Kingdom (19 per cent.) and Japan (15 per cent.).

Cement.—The imports of cement were drawn from :—

Countries of Consignment	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
United Kingdom	45,159	25	34,288	17
Germany	1,273	1	778	—
Japan	28,998	9	39,274	8
Other Countries	12,387	6	8,291	4
Total	87,817	41	82,631	29

Of the imports of cement in 1931/32, 86,396 tons valued at Rs.38½ lakhs consisted of Portland cement and 1,421 tons valued at Rs.2 lakhs included other kinds of cement. Three-quarters of the imported cement is for the Burma and South Indian markets which are at present sufficiently remote from the Indian cement works to be free from their competition. The local works produce cement fully equal to the British Standard Specification at a reasonable price. It is likely therefore that the import trade may fail to show much expansion in the future.

The import duty on Portland cement excluding white Portland cement is Rs.13/12 per ton on imports from the United Kingdom and Rs.18/4 per ton from other sources. The duty on building and engineering materials, all sorts not of iron, steel or wood not otherwise specified, including cement (excluding Portland cement other than white Portland cement), tiles other than glass tiles, and firebricks not being component parts of any article included in the headings for machinery or railway material, is 20 per cent. *ad valorem* on imports from the United Kingdom and 30 per cent. *ad valorem* from other sources.

Hardware (excluding Cutlery and Electro-Plated Ware).—The pre-war annual average imports of hardware amounted in value to Rs.317 lakhs. By 1927/28 they had advanced to Rs.524 lakhs, since when there has been a steady falling-off until the nadir was reached in 1931/32 with an aggregate of Rs.261 lakhs. During the past year, however, there has been a marked improvement to Rs.299 lakhs. These noteworthy figures give a clue to the extent of the recent slump in the case of an essentially cheap bazaar trade such as hardware. The following table gives the details during the past two years :—

Article	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Agricultural Implements	5	6
Buckets of tinned or galvanised iron ...	1	—
Builders' hardware	25	27
Domestic hardware, other than enamelled ironware	8	9
Enamelled Ironware	15	23
Gas Mantles	4	9
Implements and tools (other than agricultural implements and machine tools)	35	35
Lamps, metal	31	41
Lamps, glass	*	†
Parts of lamps other than glass	4	5
Safes and strong boxes of metal	‡	§
Stoves	5	4
Other sorts	1,28	1,40
Total Imports	2,61	2,99

* Rs.35,025 † Rs.20,970 ‡ Rs.40,009 § Rs.33.550

The provenance of the imports during the same years was as follows :—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	96	91
Sweden	12	15
Germany	76	1,08
Austria	4	5
Japan	16	30
United States	27	17
Other Countries	30	33
Total	2,61	2,99

The next statement gives the percentage shares of the leading suppliers over a period of years :—

	1913-14 (pre-war year)	1929-30	1930-31	1931-32	1932-33
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom	57	35	36	37	30
Germany ...	18	33	30	29	36
United States ...	10	12	12	10	6
Japan	1	5	6	6	10
Other Countries...	14	15	16	18	18
Total ...	100	100	100	100	100

Prior to 1932/33, the share of the United Kingdom had remained fairly constant, but it is clear from the above figures that Germany and Japan have not only secured the whole of the increased business

but, in addition, have absorbed a large portion of the trade hitherto obtained by the United Kingdom and the United States. This steady encroachment by Germany is a matter for serious concern. As I have repeatedly stated, Germany is ousting us from the bazaar trades with goods frequently below the United Kingdom article in quality, but so far below it in price that dealers cannot afford to pay the premium required for the better quality; in fact they make a higher rate of profit for themselves on the Continental article. Although United States manufacturers, for exchange reasons, have suffered a reverse during the past year, their competition in higher-grade tools, which were hitherto largely supplied by Sheffield and Birmingham, is normally very keen: active marketing methods, special attention to the precise needs of the consumer and generous treatment of agents rather than low prices are responsible for their success. Swedish competition is encountered in builders' hardware, stoves and miscellaneous items. Japanese shipments are mainly enamelled ironware and miscellaneous types, which compete more with the Continent than with the United Kingdom.

The United Kingdom manufacturer, by the terms of the Ottawa Trade Agreement, now enjoys a 10 per cent preference on all hardware, ironmongery and tools excluding agricultural implements not otherwise specified, buckets of tinned or galvanised iron and machine tools. This fiscal aid should be of value in recovering trade from the United States, Sweden and Germany, but will not, of itself, suffice unless it is followed up by much more active marketing, consideration of the needs of agents and distributors, and serious endeavour to supply the precise article required at a competitive price.

The following notes give the statistical position in each section of the trade:—

Agricultural Implements.—In 1931/32 the United Kingdom supplied 87 per cent., the United States 8 per cent. and Germany 4 per cent. The implements included in this heading are mainly the better class hoes, forks, etc., for use on the European-managed tea gardens of Assam or Southern India. Owing to the depression in the tea industry the business has fallen to one-third of its volume in 1927/28, but it is hoped that the recent international tea output restriction scheme will restore the industry to prosperity. Competition from the Agricultural Implements Co. of Jamshedpur (a branch of the Tata Iron and Steel Co., Ltd.) is growing and their cheaper productions find an increasing market particularly in difficult times like the present when cheapness is the main consideration.

Galvanised Buckets.—The imports into India Proper have practically ceased for some years as buckets are now made locally from imported sheet and galvanised after manufacture. Burma normally imports about £10/15,000 worth per annum, but this business fell to £4,000 with last year, of which over 80 per cent. was supplied by the United Kingdom and the balance from Germany.

Builders' Hardware such as Locks, Hinges, Door Bolts, etc.—The imports in 1931/32 were drawn from the United Kingdom (32 per cent.), Germany (41 per cent.) and Sweden (20 per cent.). Imports from the United States have fallen to 2½ per cent. The bazaars are stocked with cheap German productions; these meet the demand which is always present in India provided the price is sufficiently low. Local production of simple forms such as " Tower " bolts, plain locks, etc., etc., is growing and will increase under the stimulating influence of high import duties.

Domestic Hardware.—A similar state of affairs obtains in this trade. Arrivals from the United Kingdom represented 29 per cent., Germany 27 per cent., the United States 14 per cent., Sweden 8 per cent., and Japan 7 per cent. In the case of both builders' and domestic hardware, the 10 per cent. preference should stimulate United Kingdom exports if only the fiscal advantage is followed up by an intensive sales effort.

Enamelled Ironware.—The recovery has been considerable in 1932/33. In the previous year Japan supplied 58 per cent., Czechoslovakia 18 per cent., Germany 10 per cent. and the United Kingdom 6 per cent. Japan is gradually displacing the Continent from this trade, which is suffering from the competition of locally-manufactured aluminium hollowware.

Gas Mantles.—The past year witnessed a sharp rise in the total imports from Rs.4 to Rs.8½ lakhs. In 1931/32 Germany shipped 68 per cent., the United States 16 per cent. and the United Kingdom 9 per cent. The principal markets were Bombay and Calcutta.

Implements and Tools.—The total imports remained stationary at Rs.35 lakhs. In 1931/32 the United Kingdom supplied 48 per cent., the United States 22 per cent. and Germany 18 per cent. Lesser values were contributed by Sweden, France, Italy and Austria. United States competition is keen in high-grade tools. The 10 per cent. preference should be of advantage in meeting this, but United Kingdom manufacturers should take more interest in the supervision and support of their agents and in the distribution of their goods. In these times of intense competition it is not sufficient to make a sale cash against documents to a merchant in London and then expect him to do the rest. Calcutta is the principal market followed by Bombay, Karachi, Madras and Rangoon.

Metal Lamps.—In pre-war days Birmingham exporters enjoyed a valuable trade in house and hurricane lamps (the imports of which are enormous). They were first beaten by the competition of the United States in lanterns of the " Dietz " type. Of recent years, however, United States imports are being successfully challenged by German products. The total trade in 1931/32 amounted to 2,459,308 lamps valued at Rs.31 lakhs, of which Germany supplied 1,921,750 lamps valued at Rs.23 lakhs, the

United States 370,532 lamps valued at Rs.4½ lakhs, Austria 67,316 lamps valued at Rs.1½ lakhs and the United Kingdom 13,495 lamps valued at Rs.80,500.

Safes and Strong Boxes of Metal.—The import trade has fallen away to a mere £2,500 worth. This is due to the increasing Indian competition of such firms as the Godrej and Boyce Manufacturing Co. of Bombay, who turn out quite good safes for the Indian demand. Strong boxes of all kinds are made at Multan in the Punjab. Bankers' strong rooms and the highest grades of safes are still supplied by the United Kingdom makers who are strongly represented.

Stoves.—The imports have fallen from Rs.10 lakhs in 1927/28 to Rs.4½ lakhs in 1932/33. Sweden provided 56 per cent., the United Kingdom 23 per cent., Austria 9 per cent. and Germany 6 per cent. in 1931/32. Swedish wickless and other stoves are popular. The average price of the stoves imported from Sweden was Rs.3.75—say 5s. 6d. The principal markets are Bombay and Calcutta.

Other Sorts.—Unenumerated items included in this omnibus heading amount to nearly one-half of the total imports of hardware. The trade in 1931/32 was shared by the United Kingdom (46 per cent.), Germany (20 per cent.), the United States (9 per cent.), Japan (3 per cent.) and lesser values from Czechoslovakia, Sweden, Belgium, Holland, France and Italy.

Cutlery.—The classification distinguishes between pruning knives—a United Kingdom trade, which is not subject to a preferential duty—and ordinary cutlery, the imports of which from the United Kingdom are subject to a preference of 10 per cent. The total trade has been severely curtailed owing to the reduced purchasing power of the bazaars. Imports from Germany, the principal competitor, have been reduced by one-half during the past five years while those from the United Kingdom have fallen by more than 25 per cent.

	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Pruning knives	2	1	1
Other kinds	24	20	23
Total Imports ...	26	21	24
of which from—			
United Kingdom	8	6	7
Germany	16	13	14
Other Countries	2	2	3
Total Imports ...	26	21	24

The United Kingdom supplied the whole of the pruning knives, imports of which were reduced owing to the depression in the tea industry. " Other countries " include the United States, the share of which fell from Rs.1¼ lakhs in 1930/31 to Rs.¾ lakh in 1931/32, and Japan, the imports whence have risen from Rs.11,000 in 1930/31 to Rs.42,000 in 1931/32.

Polishes.—The total trade fell from Rs.26 lakhs in 1929/30 to Rs.19 lakhs in the year under review. The classification was made-up as follows:—

Article	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Leather polish	13	12	12
Metal Polish	4	4	4
Wood polish	1	1	*
Other sorts	3	2	3
Total	21	19	19

* Rs.46,973

In 1931/32 the United Kingdom supplied 94 per cent. of the total. The United States provided 1½ per cent. of the leather polish, 5 per cent. of the metal polish, 5 per cent. of the wood polish and 14 per cent. of other sorts. Owing to exchange difficulties, however, there has been a marked diminution in United States shipments during the past two years. There is no preferential duty on polishes.

Arms, Ammunition and Military Stores.—The movements of the imports under this heading on account of the Government of India were as follows:—

1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
44	23	38

These are, of course, exclusively drawn from the United Kingdom. There is also a valuable import trade on private account which is made up as follows:—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Shotgun cartridges (filled)	8	8
Rifle and other cartridges (filled)	11	7
Cartridge cases (empty)	*	†
Explosives	20	15
Firearms and parts thereof	25	12
Gunpowder	1	1
Other sorts	3	1
Total imports	68	44

* Rs.25,926 † Rs.28,141

Filled cartridge cases were obtained in 1931/32 from the United Kingdom (86 per cent.), the United States (6 per cent.) and Germany (5 per cent.). The trifling values of empty cartridge cases were supplied by the United Kingdom (65 per cent.) and Germany. The valuable trade in explosives, which has fallen from Rs.28 lakhs in 1929/30 on account of the depression in the collieries and the non-ferrous mines of Burma is likely to receive an impetus from the recent prosperity of the Kolar goldfields and increased activity by the Burma Corporation. The United Kingdom provides 85 per cent., Belgium 8 per cent. and Germany 4 per cent. German competition is solely in blasting fuses while Belgium supplies gelatine dynamite (Rs.98,000) and small values of blasting fuses and dynamite. Of the firearms and parts thereof, the United Kingdom contributed 77 per cent., Germany 10 per cent., the United States 5 per cent. and Belgium 4 per cent. The trade has fallen to one-half of its normal volume due to reduced purchasing power and, to some extent, to the more rigid application of the Arms Act

An exhaustive report on the trade in sporting arms and ammunition was issued by the Department of Overseas Trade in 1932. Firearms and cartridges are now subject to a preferential duty of 10 per cent. in the case of United Kingdom suppliers.

Brushes and Brooms.—This heading includes :—

Description	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Paint and Varnish Brushes	2	2
Toilet brushes	4	7
Other brushes	3	3
Brooms	*	†
Total Imports	9	12

* Rs.34,715 † Rs.29,140

Paint and varnish brushes in 1931/32 were drawn from the United Kingdom (58 per cent.), Germany (32 per cent.) with small values from Italy and Austria. As regards toilet brushes, however, the position is reversed, the United Kingdom only supplying a negligible value (11 per cent.) while the United States contributed 42 per cent., Germany 29 per cent. and Japan 13 per cent. Although the United States manufacturers have received a setback during the past year on account of exchange, their enterprise in advertising and active salesmanship finds its reward in a steadily expanding trade. Other brushes for industrial and general use are supplied by the United Kingdom (53 per cent.), Germany (18 per cent.), Japan (13 per cent.), and the United States (7 per cent.). The small trade in brooms is shared by the United Kingdom and the Straits Settlements. The preferential duty of 10 per cent. on the imports of brushes of all kinds should assist United Kingdom manufacturers to recover their lost trade, if only they will follow up their advantage.

Toys and Requisites for Games and Sports.—As might have been anticipated in the case of a luxury item such as this, the total trade shrank from Rs.65 lakhs in 1929/30 to Rs.37 lakhs in 1931/32, but made a good recovery to Rs.47 lakhs last year. The totals were:—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
49,06,240	37,04,346	47,32,699

Detailed figures for 1932/33 are not yet available, but in 1931/32 toys accounted for Rs.20½ lakhs and were derived from the United Kingdom (21 per cent.), Japan (45 per cent.), Germany (22 per cent.) and the United States (7 per cent.). Japan is displacing Germany from this trade with prices which are beyond competition. The United Kingdom share remains fairly steady.

Playing cards of a total value of Rs.9 lakhs were imported from the United States (45 per cent.), Belgium (37 per cent.) and the United Kingdom (12 per cent.), while requisites for games and sports were imported to the value of Rs.7½ lakhs and were drawn from the United Kingdom (67 per cent.), Norway (13 per cent.), Germany (9 per cent.) and the United States (5 per cent.). The development of sports and games among Indians during the past few years has been remarkable, but a growing proportion of the demand for playing requisites is being met from Indian factories at Sialkot and other towns in the Punjab. India exported last year over Rs.3 lakhs worth.

United Kingdom manufacturers now enjoy a preferential duty of 10 per cent. i.e. a rate of 40 per cent. *ad valorem* with a general rate of 50 per cent. This should enable them to encroach upon the United States and Belgian trade in playing cards and to increase their share of the business in toys and sports requisites. The high rate of duty, however, makes it difficult for them to compete with indigenous manufactures except on grounds of quality and established reputation.

Tea Chests (entire or in sections).—The total imports follow closely the fluctuating fortunes of the Indian tea industry and have fallen from Rs.63¼ lakhs in 1930/31 to Rs.48 lakhs last year:—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	48	37	34
Russia	*	†	‡
Finland	3	2	3
Esthonia	9	6	5
Other countries	3	5	6
Total	63	50	48

* Rs.42,995 † Rs.31,597 ‡ Rs.32,561

Nearly Rs.3 lakhs' worth of metal tea chests, almost entirely drawn from the United Kingdom, were imported into the Madras Presidency in 1931/32. Imports of wooden tea chests from Japan have shown regular expansion of recent years and were valued at Rs.1 lakh in 1931/32. Germany also shipped Rs.3¾ lakhs worth in that year but these were probably goods in transit from Esthonia and Finland.

Umbrellas and Umbrella Fittings.—The imports of complete umbrellas, including parasols and sunshades, were as follows :—

Countries of Consignment	1931/32		1932/33	
	No.	Rs. (lakhs)	No.	Rs. (lakhs)
United Kingdom ...	38,599	1	28,380	1
Other Countries ...	53,406	1	280,573	2
Total ...	92,005	2	308,953	3

The trade is about one-third of its value in 1928/29, partly by reason of the depression and partly on account of the growing practice of assembling umbrellas in the country from imported cloth and fittings. France is the principal supplier under the heading of "other countries."

Umbrella Fittings.—Imports are approximately one-half the total of 1928/29, and were derived as follows :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	5	5	3
Germany	14	11	7
Japan	9	10	13
Other Countries	1	2	2
Total ...	29	28	25

During the period of depression, low Japanese prices have had the effect of diverting the trade from Germany. It is to be expected that Japanese imports will increase still further. Italy was the principal "other country." The United Kingdom now enjoys a 10 per cent. preference on all umbrellas and umbrella fittings.

Jewellery and Plate of Gold and Silver (excluding imitation Jewellery, Precious Stones and Pearls Unset).—

Article	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Jewellery	34	13	30
Plate of Gold and Silver	5	6	4
Total	39	19	34

It is surprising that the 50 per cent. general rate of import duty has not caused a greater reduction. In 1931/32 the imports of jewellery were drawn from the United Kingdom (96 per cent.) and small consignments from Ceylon, the Straits and Kenya Colony. The United Kingdom provided 64 per cent. of the gold and silver plate, France 12 per cent., Straits Settlements 9 per cent., Hongkong, Italy and China sending small values.

Electro - Plated Ware.—As a result of depression coupled with the high import duty, imports have dropped by two-thirds since 1929/30:—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
3,65,525	2,99,842	2,32,016

The United Kingdom in 1931/32 supplied 94 per cent., small values being drawn from Germany and France.

Carriages and Carts and Parts Thereof.—The total imports were:—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
11,11,926	9,00,933	5,82,859

In 1931/32 the United Kingdom contributed 41 per cent., Japan (largely jinrickshas) 30 per cent., the United States 8 per cent. and Germany 8 per cent. United Kingdom suppliers now enjoy a 10 per cent. preference on this item.

Oil Cloth and Floor Cloth.—The total imports fell from Rs.12 lakhs in 1929/30 to Rs.5½ lakhs in 1931/32 but recovered to Rs.7 lakhs last year:—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
7,21,738	5,54,149	7,02,612

In 1931/32 the United Kingdom supplied 41 per cent., the United States 33 per cent. and Germany 11 per cent., lesser values being received from France and Czechoslovakia. United Kingdom makers now receive a preferential duty of 10 per cent.

Furniture and Cabinetware.—The trade is reduced to one-half of the 1929/30 figures:—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
27,72,733	20,10,720	17,64,802

In 1931/32 the United Kingdom sent 41 per cent., Germany 14 per cent., the United States 9 per cent., Italy 4 per cent. and lesser

values from France, Belgium, Czechoslovakia and Japan. Bedsteads are mainly obtained from the United Kingdom with some competition from the United States. Of the wooden furniture (other than bedsteads) the United Kingdom only sends 35 per cent., the balance being shared by Germany, the United States, Czechoslovakia, Austria, Poland and Esthonia. Germany, Belgium and Italy provide most of the mouldings while the United States in normal times sends fair quantities of camp furniture. The preferential duty of 10 per cent. should enable the United Kingdom to increase its share in future.

Manures (excluding Oil Cakes).—The imports of fertilisers, after falling from Rs.99 lakhs in 1929/30 to Rs.36 lakhs in 1931/32 recovered to Rs.53 lakhs last year. The principal items were as follows :—

Description	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
Nitrate of Soda ...	2,019	3	1,240	2
Sulphate of Ammonia	16,387	19	37,612	38
Potassic Manures ...	6,594	7	3,819	5
Phosphatic Manures	5,337	3	4,566	3
Compounds... ...	2,557	3	5,007	5
Total Imports ...	34,097	36	52,651	53

In 1931/32 the United Kingdom contributed 54 per cent. including practically all the sulphate of ammonia. Germany sent 17 per cent. mainly muriate of potash. Belgium contributed 11 per cent. largely muriate of potash, superphosphate and other phosphates. Holland sent nearly half the superphosphate and Arabia provided the whole of the fish manure. There are clear signs that the Indian ryot is beginning to appreciate the value of fertilisers, largely as a result of the intensive propaganda campaign of the principal United Kingdom suppliers of sulphate of ammonia following upon years of persuasion on the part of officers of the agricultural departments. Unfortunately, at the present time, all agriculturists are suffering terribly from years of low prices. When the world values of agricultural products rise, however, and the ryot recovers his buying power, we may expect to see a material increase in the imports of all fertilisers and particularly of sulphate of ammonia and phosphates.

Matches.—The great Indian market for matches which, in the early post-war years yielded an average annual importation of 12,725,000 gross boxes valued at Rs.177 lakhs, is now supplied by the local factories of the Swedish Match Combine, which have developed under the shelter of the tariff wall. In consequence, the

imports have now been reduced to the paltry figure of Rs.52,000 (say £4,000). These meagre imports are obtained mainly from Sweden with small values from Japan and the United Kingdom. Although the United Kingdom is not interested in the export of matches, the London market has a considerable financial interest in the Indian business of the Swedish group.

Packing (Engine and Boiler) of all Kinds (excluding Asbestos).—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
3,79,047	2,51,633	2,49,203

The imports have receded to one-half the normal volume. The market is supplied by United Kingdom manufacturers, the only competition in 1931/32 being from the United States (Rs.16,221) and Germany (Rs.9,886). A preferential duty of 10 per cent. is now conceded to United Kingdom goods.

Toilet Requisites.—This is a comprehensive heading, including all articles for toilet use not separately classified elsewhere :—

1930/31 Rupees	1931/32 Rupees	1932/33 Rupees
53,86,814	47,79,746	58,13,685

Although the trade is a quasi-luxury one, imports has been fairly well maintained, which is to be attributed to the changed outlook of Young India, of both sexes, towards Western habits and ways. In 1931/32 the United Kingdom contributed 37 per cent., the United States 32 per cent., France 8 per cent., Germany 8 per cent. and Japan 7 per cent. United States competition in widely-advertised, branded goods is very keen and is increasing as a result of strenuous salesmanship and generous treatment of distributors. As a result of the Ottawa Trade Agreement, the United Kingdom manufacturer now enjoys a preference of 10 per cent. which should help him to recover some of the trade if he will help himself to do so by displaying increased interest in the methods of distribution, uses and destination of his product.

Articles Imported by Post (not included elsewhere).—The postal traffic has shown a considerable falling-off in recent years. This is partly due to the fact that jewellery, precious stones, gold and silver thread, cigarettes and cinematograph films when imported by post and referred to Collectors of Customs for assessment are now included under their appropriate headings in the import returns. The figures for the last three years are :—

1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
3,54	2,96	2,59

In 1931/32 the United Kingdom supplied 63 per cent., Italy 15 per cent., Switzerland 5 per cent., France 3 per cent., and Germany 3 per cent. China and Japan contributed to a lesser extent.

The cash-on-delivery parcels system with the United Kingdom, which is a great convenience to British residents in India, has naturally fallen-off during the depression. The following are the returns of C.O.D. parcels received from Great Britain and Northern Ireland in 1931/32 and 1930/31 :—

Year	Number	Value
1931-32	61,720	£217,000
1930-31	85,440	£281,000

Of these parcels, 3,370 or 5½ per cent. were returned as undeliverable in 1931/32.

RAW MATERIALS AND SEMI-MANUFACTURED ARTICLES

Coal. —There has been a steady fall in imports since 1927/28 when the figures aggregated 263,000 tons valued at Rs.58 lakhs. The Bombay and Ahmedabad Mills, which were formerly the largest consumers, are now using Bengal coal in response to appeals for reciprocal trading from their most important cloth market in Bengal. Imports of foreign coal into Karachi have also fallen to one-third. The most recent figures are :—

Countries of Consignment	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
United Kingdom ...	23,760	5	15,994	3
Union of S. Africa ...	23,241	4	13,516	2
Australia	3,805	1	3,015	1
Other Countries ...	4,813	1	2,275	—
Total ...	55,619	11	34,800	6

Portuguese East Africa has been off the market during the past two years.

Coke.—The relatively small imports of coke have been maintained :—

	1930/31	1931/32	1932/33
Rupees	6,40,572	3,05,082	3,16,592
Tons	22,866	12,144	12,678

Burma is the only market for coke as the Indian Peninsula is served from indigenous sources. In 1931/32 Natal supplied 9,844 tons valued at over Rs.2 lakhs, the United Kingdom 1,496 tons valued at Rs.62,000 and Germany 804 tons valued at Rs.26,000.

Mineral Oils.—The following are the most recent statistics. It must be borne in mind, however, that Burma supplies enormous quantities of refined petroleum products such as Kerosene, Petrol and batching oils.

Kerosene Oil.—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Russia	56	—	14
Georgia	1,21	1,13	95
Azerbaijan	65	72	55
Persia	86	95	39
Borneo	—	20	—
Celebes and other Islands ...	61	—	8
United States	1,43	1,28	18
Other Countries	2	5	25
Total Imports	5,34	4,33	2,54

It will be noted that Russia and Russian territories (Georgia and Azerbaijan) now supply 64 per cent. of the total imports of kerosene having largely taken the place of United States and Dutch Indies' supplies. The competition of Russian oil, particularly in Western India, is becoming serious from the point of view of the British oil group.

Fuel Oils.—The imports were :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Persia	1,42	1,38	1,27
Straits Settlements	10	4	—
Borneo	53	50	51
Other Countries	5	12	25
Total Imports	2,10	2,04	2,03

The Anglo-Persian Oil Co., Ltd. supplies the bulk of the fuel oils, half of which are imported into Bombay.

Petrol.—There has been a remarkable drop in the imports under the Customs heading of " Petroleum, dangerous, flashing below 76 degrees Fahrenheit, including petrol, benzine and benzol," as the following totals show :—

1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
73	105	37

In 1931/32 the imports were drawn from the United States (75 per cent.), Sumatra (10 per cent.), Dutch New Guinea (9 per cent.) and Persia (3 per cent.). The reduced imports during 1932/33 are due to the elimination, resulting from exchange difficulties, of the United States shipments as the dominant factor. Their place has been taken by increased consumption of petrol from Burma.

Batching Oils.—Batching oils for use in the jute mills of Bengal showed a recovery from the low water mark of 1931/32 :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Borneo (Dutch)	26	20	18
U.S.A.	46	17	31
Other Countries	—	—	1
Total	72	37	50

Other Lubricating Oils.—The United Kingdom has a direct interest in this valuable trade :—

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	20	27	21
U.S.A.	1,04	81	74
Other Countries	6	3	14
Total	1,30	1,11	1,09

It is somewhat disappointing that United Kingdom exporters were not able to improve their position with such a material exchange advantage vis-à-vis the United States exporter. Although the value of the United Kingdom shipments was reduced by Rs.6 lakhs, the quantities rose from 1,514,518 gallons to 1,638,948 gallons, showing the serious drop in prices. The principal United Kingdom exporters are strongly represented in India and should be assisted by the preferential duty of 2 annas per gallon, which has been in force since the 1st January, 1933. In times of depression like the present, many Indian industrialists are not prepared to pay for the higher grades of oils and attempt to economise by substituting inferior qualities. The gradual development of aviation should create an increasing market for the finest grade United Kingdom lubricants.

Salt.—Largely as a result of the heavy protective duty of 4½ annas, reduced since the 30th March, 1933, to 2½ annas, per maund

of 82⅔ lbs. avoirdupois over and above a local excise duty of Rs.1.9.0, the imports of salt suffered a material diminution in 1931/32, but recovered during the past year.

Principal Countries of Consignment	1931/32		1932/33	
	Tons	Rs. (lakhs)	Tons	Rs. (lakhs)
United Kingdom ...	25,553	5	24,662	4
Germany	25,609	5	57,390	10
Spain	3,781	1	27,828	4
Aden and Dependencies ...	313,634	49	284,884	40
Egypt	15,305	2	39,876	6
Italian East Africa...	67,196	10	103,443	14
Other Countries ...	6	—	6,041	1
Total ...	451,084	72	544,124	79

Bengal imported 642,202 tons valued at Rs.64 lakhs and Burma received 81,619 tons valued at Rs.14 lakhs. The fall in the United Kingdom share from 81,225 tons valued at Rs.27 lakhs in 1927/28 is to be regretted as salt provided a most convenient form of ballast for steamers leaving Liverpool. It is to be feared, however, that with the present determination to protect Indian salt production, imports from overseas will gradually diminish particularly if the import duty is applied to Aden salt.

Sugar.—The Sugar Industry Protection Act, 1932, which imposed an import duty of Rs.7-4-0 per cwt. to which must be added the 25 per cent. surcharge of Rs.1-13-0 making Rs.9-1-0 per cwt. in all, dealt a fatal blow to the import trade from Java and elsewhere. India is determined to make herself, so far as possible, self-supporting as regards her colossal requirements of sugar. At the beginning of the present sugar crushing season in November 1933, there will be at least one hundred modern factories in full production and many more are projected. The effect on the imports is already marked, the total imports of sugar of all kinds having fallen from 1,003,177 tons in 1930/31 to 401,441 tons in 1932/33. It is expected that this decline will continue. The year's imports were obtained as follows :—

Sugar, 23 Dutch Standard and above.

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	2	5	14
Java	8,44	4,07	3,30
China	8	7	3
Other Countries	12	23	20
Total Imports	8,66	4,42	3,67

Sugar, below 23 Dutch Standard but not below 16 D.S.

Countries of Consignment	1930/31 Rs. (lakhs)	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	*	†	‡
Java	92	29	—
China	1	2	1
Other Countries	—	—	2
Total Imports	93	31	3

* Rs.9,067 † Rs.5,803 ‡ Rs.2,416

Of the imports of Java sugar in 1931/32, Bengal took, in quantity, 41 per cent., Bombay 18 per cent., Karachi 15 per cent., Madras 19 per cent. and Burma 7 per cent.

Beet Sugar.—India's offtake of beet sugar is spasmodic, varying with the relative price of cane sugar. The imports during the past six years were as follows:—

1927-28	18,026 tons	valued at	Rs.37 lakhs
1928-29	8,404 ,,	,, ,,	Rs.16 ,,
1929-30	131,001 ,,	,, ,,	Rs.225 ,,
1930-31	78,119 ,,	,, ,,	Rs.87 ,,
1931-32	118,359 ,,	,, ,,	Rs.125 ,,
1932-33	40,690 ,,	,, ,,	Rs.42 ,,

The following statement shows the provenance:—

Countries of Consignment	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
United Kingdom	23	24
Russia	66	9
Poland	15	—
Germany	18	—
Hungary	1	—
Czechoslovakia	1	—
Other Countries	1	9
Total	1,25	42

The imports are exclusively into Bombay (8,779 tons in 1932/33) and Karachi (31,891 in 1932/33). The following table gives the other types of imported sugar:—

	1931/32 Rs. (lakhs)	1932/33 Rs. (lakhs)
Sugar, 15 Dutch Standard and below ...	2	—
Molasses	16	11

One of the greatest problems facing the growing Indian sugar industry will be disposal of molasses. The manufacture of industrial alcohol is being examined, but whatever the solution may be it is likely that the imports of molasses will shrink to very small dimensions.

APPENDIX 1

STATEMENT MADE BY SIR GEORGE SCHUSTER AT A MEETING OF THE COMMITTEE ON MONETARY AND FINANCIAL QUESTIONS ON 28th JULY, 1932.

I shall confine my remarks to a description of the actual effects on India of the recent fall in prices, leaving to Sir Henry Strakosch the task of more general treatment. It is not necessary to enter into elaborate detail for the main features of our position are similar to those already described for other countries. But there are special features in the case of India. Its mere size makes our problems more serious, while the conditions of the people and the present political situation import considerations which are not present in the case of the other Empire countries.

The position has to be considered in two broad divisions, first, the economic condition throughout the country, that is to say, the effects of what has happened on the masses of the people; secondly, the reactions on the budgetary and financial position of the Government.

India has a population of 350,000,000. Although she has achieved important industrial development she is still essentially an agricultural country. Over 70 per cent. of her vast population rely directly on the cultivation of the soil for their livelihood, mainly as small cultivators on their own account. They cling to the soil, and the laws of inheritance lead to the division of the land into ever smaller holdings. The average standard of life is, to those accustomed to Western standards, incredibly low. While the people live mainly on their own produce they require money, first, to meet their fixed charges, land revenue to the Government, canal dues in irrigated areas, in some parts rent to private landlords, and, most important of all, interest on their debts to the money-lenders, for the ordinary cultivator in India is always heavily indebted; and secondly, to purchase certain absolute necessities, such as cotton piece-goods, kerosene, salt. As regards both these requirements for money they have suffered very severely from the fall in prices. In the case of the first—their fixed money obligations—this must obviously be so, while as regards the second, the prices of the necessities which they have to buy have not fallen to anything like the same extent as those of the produce which they have to sell. Our general position in this respect is similar to that of New Zealand, as explained by Mr. Coates in his speech at the opening of this Conference. The index number, based on 100 for 1914, for Indian exports has fallen from an average level of 138 in 1928 to 78 in April, 1932, while the general index figure of internal prices in India for imported commodities had only fallen from 145 to 124. There has thus in the last three years been a fall of about 49 per cent. in the prices of exported goods as compared with the fall of 13 per cent. in the prices of imported goods. But the position of the poorest classes is really worse than these general figures indicate. It can be most clearly understood by taking typical commodities which the ordinary agriculturist has to buy and sell. Thus in April last the index figures (based on 100 for 1914) were for cereals 66, raw jute 45, hides and skins 52, cotton 89. On the other hand the figure for cotton piecegoods was 127 and for kerosene 161. The comparative stability of the internal prices for those goods is partly due to the fact that the basic prices of manufactured and semi-manufactured goods have fallen less than for primary products, and partly to the increase in customs import duties which the necessities of the financial crisis have forced the Government to impose.

The figures sufficiently indicate how difficult the position of the small cultivator has become. For the prices which he is now realising for his "money crops" are in many cases only about half the pre-war prices, while

his fixed charges have probably in most cases increased and the cost of his necessary purchases is much higher. The margin of cash which he can realise is thus totally inadequate to meet his needs. In these circumstances he is forced either to restrict his own consumption of the foodstuffs which he produces, or to part with any property which he may have (cash savings, gold and silver articles, etc.), or to get more deeply into debt. There is clear evidence that recourse to all three of these methods has been general during the past eighteen months. The Provincial Governments have done their utmost to meet the situation by remissions of land revenue, canal dues, etc., and by forcing reductions of rent. But their own financial difficulties impose limits on their powers in this direction, while even a total remission of their levies would not fill the gap.

I may turn now to the effects on the budgetary and financial position.

The economic depression has caused a drop of unparalleled magnitude in India's Trade and consequently in Government revenue. The average value of India's post-war trade in merchandise (i.e. for the ten years ending March 31, 1930) was, exports, 325 crores (about £243½ million sterling) and imports, 242 crores (about £181½ million sterling) showing a favourable balance of 83 crores (£62 million sterling). For 1931-2, however, the figures had dropped to less than one half, namely, exports, 160 crores (£120 million sterling), imports, 125 crores (£92 million sterling), favourable balance, 45 crores (£28 million sterling), while, as I shall explain later the figures up-to-date for the current year are much worse. The two significant facts here are, first, the drop in the total values, and secondly, the drop in the favourable balance. It is the former which mainly affects the budgetary position with which I will deal first. The drop in values indicates that custom revenues on which we rely for two-thirds of our tax revenue, would without increasing the rates of the duties have been halved. The general falling-off in trade is equally affecting income-tax receipts, while railway revenue has dropped in a manner which is causing most serious embarrassment to the Government's finances. I may indicate the magnitude of our railway interests by saying that the Government of India had 752 crores, or £564 million sterling, invested in its railways, and that in a normal year the gross traffic receipts from this system should be about 110 crores, or £83 million sterling, annually. The receipts will probably be less than 80 crores, or £60 million sterling, for the current year.

To meet the situation of which I have just given the salient features, the Government has had to take drastic measures both to restrict expenditure and to increase taxation. But the scope for economies in the case of the Government of India is limited. The main charges of the Central Budget are for Debt Services and Defence. Out of a total budgetary expenditure in 1929-30 of about £100 million sterling, the cost of ordinary civil administration was only about £9 million sterling. Army expenditure accounted for about half the balance. The case of military expenditure is particularly worth noting, because it affords a good illustration of the difficulty of adjusting post-war standards to an economic level which has fallen much lower than the pre-war level. Pre-war military expenditure was 29 crores, say £21 million sterling, but the post-war military budget four years ago had been stabilised at 55 crores, or £41½ million sterling, nearly twice the pre-war figure. And yet we now maintain 16,000 less British troops in India than we had before the war. The difference is mainly accounted for by the higher standard of efficiency which the war proved it necessary to maintain, to higher rates of pay and to other special features, such as the addition of war pensions. We have for 1932-3 reduced the figure to 46½ crores, or about £34¾ million sterling, including cuts in pay. We cannot get it appreciably lower without reducing fighting troops on a large scale. The dangers of such a course just now are obvious. On the civil side we have made severe economies but this had meant cutting down administrative services and Public Works expenditure to a low level which cannot safely be maintained. The scope for economies being thus limited it has, in order to fill the gap, been necessary to impose very heavy increases in taxation. To explain shortly what has been done I may say that,

while our normal tax revenue has since the war averaged about 75 crores (£56 million sterling), I have been forced during the last two years to impose new taxes calculated to yield 34 crores (£25½ million sterling), an increase of nearly 50 per cent. Yet, on present indications even this may prove insufficient if the present low level of prices continues.

The figures which I have given indicate how great are the budgetary difficulties, but the intrinsic position is not fully revealed by these figures. In order to explain this one must turn to the second point, the balance of trade. Before the war, India could, taking the average of the ten pre-war year figures, rely on a favourable balance of exports over imports of merchandise of about 72 crores (£54 million sterling). I have already given figures showing that for the ten post-war years to the end of March, 1930, the average favourable balance had increased to 83 crores (£61 million sterling), and that for 1931-32 the balance had been reduced to 34 crores (£25½ million sterling). But the position since the close of the last financial year has got steadily worse. The trade figures for the first three months of the current year, April, May and June, show total exports of merchandise 30 crores (£22½ million sterling) and imports 37 crores (£27¾ million sterling)—an unfavourable balance of 7 crores. Thus, if we continue at this rate for the rest of the year we shall have an unfavourable balance of 28 crores (£21 million sterling) compared with a normal favourable balance both for the pre-war and post-war periods of 70 to 80 crores (£54 million to £61 million sterling). But India as a debtor country needs to maintain a large favourable balance of trade in merchandise. The Government in order to meet its essential obligations has to find about £30 million sterling annually, that is to say, 40 crores, while the figures indicate that, as an average, a further margin of 10 crores (£7½ million) at least is required to meet other items in the adjustment of payments on private accounts. Therefore, apart from movements of capital or the country's requirements for the purchase of precious metals, India in order to maintain an even position requires a favourable trade balance of at least 50 crores (£37½ million) annually. In the past, as I have shown, this minimum has in fact been exceeded by 20 to 30 crores; and this margin has been utilised by India for the import of gold and silver, which according to age-long tradition the Indian people buy. Yet we are now faced with a heavy unfavourable balance of trade—a feature which, save only in the totally exceptional disturbances just after the war, India has never experienced before. It will be asked how in these circumstances our exchange rates are being maintained. The answer is that since last September India, instead of importing gold and silver, has practically stopped buying silver and has been *exporting* gold on a large scale. Actually in six months, October, 1931, to March, 1932, India exported gold to the value of 57 crores, or on the basis of the full gold parity of sterling to the value of about £32 millions. This process is still continuing at the rate of about 4 crores (£3 million sterling) per month. This is the key factor which must be remembered in assessing the realities of the Indian economic situation. According to the figures for the first three months of this year India is only exporting merchandise at the rate of 120 crores (£90 million sterling) per annum, while she needs, as I have already shown, a favourable trade balance of at least 50 crores (£37½ millions) in order to maintain an even keel. Therefore, if it were not for the export of gold she could only afford to be importing at the rate of 70 crores (£52½ millions) per annum. A reduction of imports to such a figure would create a completely impossible budgetary position. If on the other hand imports were not so reduced she would be unable to meet her external obligations except by raising fresh loans, a course of which the dangers and disadvantages are obvious.

In what I have already said I have dealt with the general economic position in the country and with the budgetary and currency position of the Government. But there is another side of the Government's financial activities which has a very important bearing on the general economic position of the country. I refer to the Government's programme of capital expenditure on public works generally, but especially on railway construction and irrigation works. The

grave budgetary difficulties which I have described combined with the difficulty of maintaining financial and currency stability in the face of the slump in export trade have forced the Government to cut down most drastically the whole of its programme of capital expenditure. Financial policy as regards the railways clearly illustrates this. In the three years from the 1st April, 1927, to the 31st March, 1930, expenditure on new construction and Open Line works on the railways, including the expenditure from the Depreciation Fund, averaged £31¼ million sterling. For the financial year 1932-33 this expenditure has been reduced to a total of £7¾ million sterling. This reduction in construction work seriously affects the economic position in India. It must also seriously affect the position in England, for a large portion of the railway expenditure would have taken the form of the purchase of locomotives, etc., from England. These figures are no more than an illustration in one important field of the vicious circle of depression into which a country is forced when its Government has to undertake a drastic policy of economy and deflation. As a further detail illustrating this I may quote the fact that, when the programme of the development of the Indian iron and steel industry was fixed five years ago, it was worked out on the assumption that the Government requirements of rails from the Tata Iron and Steel Works would amount to 200,000 tons per annum. The actual orders for the current year are only 38,000 tons. It is obvious how such subnormality in activity must re-act on the economic position throughout the country.

In what I have said above I have dealt only with the position of the Central Government of India. But the position of the various Provincial Governments is even more difficult. I need not enlarge upon this for the effects in this field are precisely similar to those of the Central Government which I have already outlined.

While the difficulties of effective action towards producing a rise in prices are fully recognised, the situation which I have attempted to describe seems to us to justify the consideration of any course which offers a hope, however slight, of ameliorating the position.

The discussion of the exact lines which such a course might follow can be left to a later stage, but I should like to conclude by shortly summarising India's needs, and stating what is likely to happen if these cannot be met.

We need above everything a substantial and early rise in prices. We recognise that a rise in world prices to be brought about by International co-operation is the ultimate ideal, but, short of this, we believe that a rise in sterling prices extending throughout the sterling area would not only bring us great immediate benefits, but would probably by its own stimulus and example lead to a general movement throughout the world. If we could be assured by declaration from the British Government that their policy would be directed to raising sterling prices and to maintaining monetary and credit conditions appropriate to that end, we should feel justified in adopting a policy which would itself contribute largely to a general improvement in trade.

APPENDIX II

TOTAL OVERSEAS TRADE OF INDIA WITH PRINCIPAL COUNTRIES, SHOWING NET BALANCES.

	1913-14			1931-32			1932-33		
	Exports	Imports	Net Imports (−) or Exports (+)	Exports	Imports	Net Imports (−) or Exports (+)	Exports	Imports	Net Imports (−) or Exports (+)
	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)
United Kingdom	58	117	− 59	45	45	—	38	49	−11
Other British Possessions ...	36	11	+ 25	27	12	+15	24	10	+14
TOTAL BRITISH EMPIRE	94	128	− 34	72	57	+15	62	59	+ 3
Europe	85	30	+ 55	37	28	+ 9	32	29	+ 3
U.S.A.	22	5	+ 17	14	13	+ 1	10	11	− 1
Japan	23	5	+ 18	14	13	+ 1	14	20	− 6
OTHER FOREIGN COUNTRIES	25	15	+ 10	24	15	+ 9	18	13	+ 5
TOTAL FOREIGN COUNTRIES	155	55	+100	89	69	+20	74	73	+ 1
GRAND TOTAL	249	183	+ 66	161	126	+35	136	132	+ 4

APPENDIX III

SHOWING THE POSITION OF THE PRINCIPAL SUPPLIERS IN CERTAIN CHIEF ITEMS OF IMPORTS

	Iron and Steel			Machinery			Hardware		
	1913-14	1931-32	1932-33	1913-14	1931-32	1932-33	1913-14	1931-32	1932-33
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom ...	69.9	53.8	51.1	89.8	70.8	74.1	57.2	36.8	30.6
U.S.A. ...	2.6	2.2	1.2	3.3	11.1	7.7	9.7	10.3	5.6
Germany ...	14.5	7.3	8.6	5.6	10.3	9.3	18.2	29.1	36.1
Belgium ...	11.5	24.2	23.2	—	2.5	3.7	—	1.1	1.1
Japan ...	—	.7	2.6	—	.4	.4	1.5	6.1	10.1
France and Luxemburg	—	5.4	4.8	—	—	.3	—	.8	1.1
Percentage of total trade represented by countries shown ...	98.5	93.6	91.5	98.7	95.1	95.5	86.6	84.2	84.6
Total value of Trade Rs. (lakhs)	16,01	6,32	5,30	7,76	10,92	10,54	3,95	2,61	2,99

	Motor Cars, Motor Cycles, etc.			Instruments		
	1913-14	1931-32	1932-33	1913-14	1931-32	1932-33
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom	71.3	31.1	47.6	75.3	49.6	50.5
U.S.A.	15.1	48.4	36.5	8.0	17.0	13.9
Germany	—	2.8	3.0	8.2	16.5	16.9
Netherlands	—	—	.2	—	3.8	3.1
Belgium	4.5	.3	.3	—	1.9	1.6
Japan	—	—	.2	.6	2.2	5.9
France	4.5	2.4	1.2	—	1.6	.7
Italy	—	4.8	3.2	2.2	1.6	1.9
Canada	—	8.3	5.7	—	—	—
Percentage of total trade represented by countries shown ...	95.4	98.1	97.9	94.3	94.2	94.5
Total Value of Trade Rs. (lakhs) ...	1,53	2,89	2,43	1,82	3,69	3,85

APPENDIX III.—*continued*

	Cotton Manufactures			Liquors			Paper		
	1913-14	1931-32	1932-33	1913-14	1931-32	1932-33	1913-14	1931-32	1932-33
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom ...	90.1	51.6	53.0	62.9	60.8	62.1	56.0	30.4	27.8
U.S.A. ...	.4	1.6	1.3	2.7	6.1	6.9	—	4.4	2.8
Germany ...	2.1	.4	.3	10.7	7.8	7.6	17.0	10.8	10.5
France ...	—	.3	.3	18.8	11.8	11.6	—	.4	.6
Netherlands	1.6	1.5	.8	—	3.5	3.0	2.5	6.4	4.9
Belgium ...	—	.2	.1	—	—	—	—	—	—
Japan ...	1.8	35.5	37.9	—	—	—	—	—	—
Switzerland	—	1.3	1.5	—	—	—	—	—	—
Norway ...	—	—	—	—	—	—	5.0	10.4	14.2
*China ...	.1	5.3	3.3	—	—	—	—	—	—
Italy ...	1.5	1.7	.9	—	—	—	—	—	—
Sweden ...	—	—	—	—	—	—	3.1	11.2	14.5
Austria ...	—	—	—	—	—	—	8.3	14.4	10.1
Percentage of total trade represented by countries shown ...	97.6	99.4	99.4	95.1	90.0	91.2	91.9	88.4	85.4
Total Value of Trade Rs. (lakhs)	66,30	19,15	26,83	2,24	2,27	2,26	1,59	2,50	2,86

* Includes Hongkong and Macao.

APPENDIX IV

VALUE OF TRADE WITH PRINCIPAL COUNTRIES, DISTINGUISHING PRINCIPAL ARTICLES.

TABLE A

In thousands of Rupees.

Articles	Pre-War average	1930-31	1931-32	1932-33
UNITED KINGDOM				
Imports therefrom—				
Animals, living	5,02	7,45	9,14	6,77
Apparel	59,29	33,57	23,58	23,71
Arms, ammunition, etc. ...	30,60	44,79	57,00	37,09
Artificial silk yarn	—	11,98	10,58	14,35
Asbestos	—	17,81	11,16	9,46
Belting for machinery ...	36,26	46,34	32,51	35,50
Bobbins	—	34,49	23,60	19,16
Books and printed matter ...	41,05	51,51	43,59	38,96
Boots and shoes	51,33	11,15	6,61	6,21
Building materials	59,89	48,26	34,19	25,64
Carriages and carts	19,11	5,73	3,74	3,45
Chemicals	69,55	141,08	1,40,78	1,40,08
China clay	—	7,06	9,05	8,04
Coal and coke	41,33	6,36	6,17	3,94
Cordage and rope	4,39	4,96	2,88	2,00
Cotton—				
Raw	58,67	27,42	4,16	4,60
Twist and yarn	3,35,18	1,26,57	1,21,82	1,31,80
Piecegoods—				
Grey	20,73,55	2,81,28	95,54	1,75,95
White	10,87,38	5,22,94	4,02,02	5,26,79
Coloured	11,29,72	4,47,56	2,85,36	4,87,63
Other manufactures ...	1,40,25	85,97	83,01	99,78
Cutlery	10,53	8,30	5,87	6,51
Cycles and parts	29,40	47,62	43,33	51,96
Drugs and medicines ...	54,03	64,37	66,67	61,16
Dyeing & tanning substances	6,90	16,68	25,31	33,45
Earthenware and porcelain ...	30,50	18,00	14,30	12,26
Flax manufactures	28,83	20,67	16,79	16,01
Furniture	10,84	11,75	8,39	6,26
Glass and glassware	22,26	16,32	13,21	12,01
Haberdashery and millinery...	61,21	18,46	13,51	13,96
Hardware	1,88,61	1,31,49	96,16	91,44
Instruments, apparatus, etc.	1,04,88	2,55,04	1,83,26	1,94,31
Ivory	11,33	5,78	5,56	4,66
Jewellery, etc.	14,51	36,77	16,59	32,91
Jute manufactures	10,09	3,24	1,55	1,90
Leather, including hides, tanned, etc....	38,59	25,49	25,07	23,93

APPENDIX IV.—*continued*

TABLE A—*continued*

In thousands of Rupees

Articles	Pre-War average	1930-31	1931-32	1932-33
Liquors—				
Ale, beer and porter ...	45,64	63,69	48,81	49,73
Spirit	69,47	1,25,13	83,08	84,44
Wines	13,62	8,47	5,74	5,72
Machinery and millwork ...	4,97,69	10,72,18	7,73,10	7,81,22
Manures	1,68	35,05	19,74	39,07
Metals—				
Aluminium...	5,38	21,32	7,51	9,45
Brass	6,13	28,17	33,08	55,56
Copper	1,67,45	29,55	28,69	29,75
Iron	28,88	6,28	1,96	2,81
Iron or steel	6,96,13	5,13,34	3,11,52	2,42,05
Lead	13,99	3,42	2,96	2,99
Steel	42,02	50,23	26,19	25,96
Zinc	14,85	5,25	3,63	8,28
Others	27,43	20,91	17,67	25,24
Motor cars and motor cycles, etc.	74,50	93,87	91,17	1,15,68
Oils, mineral	22,31	25,57	29,22	27,37
Oils, vegetable, animal, etc.	17,76	11,87	10,59	10,54
Packing, engine and boiler ...	4,98	3,36	2,18	2,25
Paints and painters' materials	56,00	74,28	58,95	59,66
Paper and pasteboard ...	73,44	89,36	75,64	79,83
Piecegoods of cotton and artificial silk	—	12,74	9,61	21,85
Pitch and tar	8,72	1,49	1,96	1,75
Polishes	9,48	19,58	18,15	18,30
Precious stones	14	1,94	2,05	1,93
Printing materials	14,70	16,99	14,46	14,25
Provisions	1,34,15	1,94,36	1,51,20	1,39,67
Railway plant, etc.	5,54,48	—	—	—
Rubber manufactures, including tyres, etc.	16,45	73,60	69,34	80,16
Salt	23,44	8,86	5,66	4,52
Ships, parts of	18,00	12,39	9,29	4,13
Silk manufactures, including yarn	19,07	6,64	6,98	11,71
Soap	56,52	97,83	75,05	69,59
Stationery	41,44	43,76	35,95	32,84
Sugar	25,37	10,14	28,17	38,13
Tallow and stearine	10,43	4,45	1,95	1,76
Tea-chests	41,32	47,77	36,95	34,37
Tobacco	51,83	1,29,98	61,54	34,44
Toilet requisites	10,35	19,37	18,13	20,73
Toys and requisites for games	16,75	12,20	10,65	10,46
Umbrellas	24,71	5,73	6,00	3,68
Woollen manufactures, including yarn	1,85,24	67,32	40,53	71,78
Other articles	1,50,99	4,18,95	3,04,33	2,42,38
Total	91,58,01	61,28,65	44,81,44	48,79,67

APPENDIX IV.—*continued*

TABLE B

In thousands of Rupees

Articles	Pre-War average	1930-31	1931-32	1932-33
JAPAN				
Imports therefrom—				
Ale, beer and porter	3	4,60	3,83	4,41
Apparel	9,17	18,50	20,76	25,48
Artificial silk	—	1,54,11	2,16,26	2,70,63
Bobbins	—	4,92	3,64	4,75
Boots and shoes	16	67,16	48,72	31,57
Brass, bronze, etc.	7	24,70	16,97	40,83
Brushes and brooms	48	1,10	90	1,99
Buttons of all sorts	—	5,36	4,24	7,24
Camphor	11,48	9,33	8,49	11,77
Carriages	11	3,30	2,75	68
Cement	1	12,85	9,47	8,10
Chemicals	93	4,37	6,37	13,26
Coal and coke	7,02	19	16	3
Copper...	27,99	53	3,55	6,72
Cotton—				
Raw	9	5,28	2,63	85
Hosiery	65,23	76,51	41,59	61,23
Piecegoods	6,10	5,92,90	4,45,20	7,85,39
Yarn	6,16	83,56	82,82	1,60,71
Other manufactures ...	2,12	12,79	9,40	11,59
Drugs and medicines (other than camphor)	1,72	6,71	9,09	19,31
Earthenware and porcelain ...	4,23	21,31	16,74	31,59
Furniture and cabinetware ...	71	1,90	57	1,08
Glass and glassware—				
Bangles	5	19,84	15,08	22,33
Beads and false pearls ...	7,61	5,06	3,37	5,45
Bottles and phials	1,00	11,92	8,49	11,95
Funnels, globes, etc. ...	58	1,35	69	98
Tableware	1,41	5,74	3,49	4,18
Others	3,35	10,81	10,90	20,56
Haberdashery and millinery...	10,88	13,36	10,42	18,09
Hardware	3,59	20,91	15,77	30,11
Instruments	85	9,65	8,47	22,99
Iron or steel	—	5,14	3,76	13,89
Machinery and millwork ...	63	4,85	3,74	4,14
Matches	28,40	16	—	5
Paints and painters' materials	—	4,30	4,13	7,45
Paper and pasteboard ...	55	11,08	9,78	15,92
Provisions and oilman's stores	1,57	2,09	1,52	3,61
Rubber manufactures ...	—	2,19	3,04	13,04
Silk, raw	1,15	65	1,59	4,71
Silk manufactures	1,31,45	89,01	95,99	2,01,89
Spices, ginger	3,40	61	19	44
Stationery (excluding paper)	2,17	4,74	4,74	9,47
Tea-chests	87	76	1,04	96
Toilet requisites	1,31	3,33	3,39	8,14

APPENDIX IV.—*continued*

TABLE B—*continued*

In thousands of Rupees

Articles	Pre-war average	1930-31	1931-32	1932-33
Toys and requisites for games	3,16	13,10	9,66	22,86
Umbrellas & umbrella fittings	4,91	8,69	9,88	14,62
Wood-timber	32	24,06	9,45	2,37
Wood-manufactures	71	6,34	3,27	5,05
Woollen manufactures ...	8	3,19	1,52	10,58
Other articles	10,54	56,70	36,45	72,70
Total	3,64,35	14,51,10	13,33,97	20,47,74

APPENDIX IV.—*continued*

TABLE C

In thousands of Rupees

Articles	Pre-war average	1930-31	1931-32	1932-33
UNITED STATES				
Imports therefrom—				
Aluminium	4,26	42,11	3,40	55
Apparel	33	10,85	10,21	7,30
Arms	80	2,89	1,34	86
Belting for machinery ...	1,11	9,41	10,48	8,43
Boots and shoes	54	1,53	19	10
Building materials	88	14,23	7,17	11,13
Carriages	72	26	83	20
Chemicals	22	13,48	11,90	14,73
Clocks and watches	3,82	2,97	1,22	78
Copper...	—	17,90	7,51	4,44
Cotton—				
Raw	27,72	83,15	2,23,57	3,84,58
Piecegoods	26,44	24,42	30,50	32,60
Drugs and medicines ...	4,18	22,22	19,56	20,83
Dyeing substances	—	13,77	10,99	8,36
Furniture	1,44	2,83	1,98	71
Glassware	1,17	3,53	1,29	53
Hardware	24,72	44,93	27,17	16,52
Instruments	5,86	78,71	63,39	53,35
Iron and steel	48,56	49,73	14,19	6,22
Leather	—	14,25	10,37	10,96
Machinery	24,56	1,64,15	1,22,11	81,12
Manures	—	5,72	37	46
Motor cars, etc.	8,49	2,41,16	1,07,35	24,76
Oils, mineral	2,19,66	3,67,94	3,15,64	1,35,54
Paper and pasteboard ...	1,21	12,98	11,35	8,09
Provisions	3,80	40,42	22,10	18,51
Railway plant	54	—	—	—
Rubber	16	85,85	83,39	52,38
Spirit	5,34	16,46	14,09	15,63
Stationery	2,05	4,49	3,60	2,32
Sugar	18	48	64	6
Tobacco	5,90	14,29	25,46	57,44
Toilet requisites	2,22	17,48	15,33	17,60
Wood and timber	6,56	7,26	3,15	27,48
Other articles	15,59	82,87	1,02,38	1,24,57
Total	4,49,03	15,14,72	12,83,62	11,25,19

APPENDIX IV.—*continued*

TABLE D

In thousands of Rupees

Articles	Pre-war average	1930-31	1931-32	1932-33
GERMANY				
Imports therefrom—				
Apparel	14,87	12,53	6,90	8,58
Bobbins	—	1,96	2,74	3,79
Building materials	6,72	2,55	2,17	1,62
Buttons	—	3,23	2,70	4,23
Carriages	2,81	1,21	77	25
Chemicals	10,62	47,88	46,55	40,48
Clocks and watches	1,36	5,30	4,31	3,54
Cutlery	7,95	15,72	13,23	14,34
Cycles	1,75	11,28	8,23	7,89
Drugs and medicines ...	6,19	48,13	42,77	43,34
Dyeing substances	87,40	1,61,06	1,71,36	1,37,17
Glassware	23,69	23,50	20,34	17,72
Hardware	57,24	1,07,72	75,85	1,07,98
Instruments	13,57	75,24	61,42	65,32
Liquors	19,41	30,73	18,43	17,24
Machinery	30,27	1,18,06	1,12,27	98,06
Manures	2,20	7,56	6,15	2,51
Metals—				
Aluminium	12,16	13,21	6,23	3,92
Brass	1,56	98,76	70,44	80,03
Copper	93,41	28,60	28,86	67,24
Iron	2,86	1,00	1,56	4
Iron or steel	86,97	69,95	41,08	41,75
Steel	65,19	4,34	2,17	3,62
Zinc	3,24	3,77	2,89	3,36
Motor cars, etc.	5,64	12,36	4,45	2,09
Oils	10,57	12,45	8,49	15,91
Paints & painters' materials	5,58	11,76	9,35	11,15
Paper and pasteboard ...	21,82	27,68	27,49	30,12
Paper-making materials ...	1,61	2,77	3,42	9
Printing materials	1,02	5,62	4,00	4,47
Provisions	5,50	9,66	6,07	2,80
Railway plant	12,19	—	—	—
Rubber manufactures ...	3,82	29,47	19,39	14,72
Salt	9,46	20,25	4,82	9,70
Stationery	5,04	19,49	16,60	20,82
Sugar	3,84	15,04	17,83	33
Textiles—				
Artificial silk	—	9,21	8,92	11,69
Cotton manufactures ...	83,71	11,01	8,25	8,92
Haberdashery	22,10	15,55	11,05	13,16
Silk manufactures	16,81	6,66	4,21	5,72
Wool manufactures ...	90,62	31,78	19,99	24,36
Toys	11,10	8,29	5,43	3,84
Umbrellas	7,66	14,36	11,18	7,23
Other articles	57,03	81,63	79,48	77,58
Total	9,35,56	12,38,42	10,19,84	10,38,72

APPENDIX IV.—*continued*

TABLE E

In thousands of Rupees

Articles	Pre-war average	1930-31	1931-32	1932-33
ITALY				
Imports therefrom—				
Apparel	6,98	5,72	3,64	3,14
Art, works of	45	1,51	83	1,13
Building materials	2,57	7,26	5,20	5,24
Buttons	—	3,05	3,34	5,64
Chemicals	4,72	19,23	15,06	15,14
Dyeing & tanning substances	1,49	8,34	5,28	7,94
Fruits and vegetables ...	8,48	28,33	16,42	19,19
Glassware	4,26	2,73	2,49	2,17
Instruments	1,70	9,66	6,10	7,34
Liquors	78	2,81	1,69	2,10
Machinery	1,44	15,24	13,33	7,34
Metals—				
Aluminium	9	24	39	22
Brass	1,09	39	1,97	40
German silver	—	3,85	2,76	5,00
Quicksilver	—	5,11	6,53	8,62
Others	67	3,76	1,94	1,45
Motor Cars, etc.	66	19,61	10,63	4,80
Paper and pasteboard ...	79	3,12	3,53	3,75
Rubber manufactures ...	13	16,47	16,77	15,03
Stone and Marble	2,48	3,10	2,62	4,06
Sugar	23	—	—	—
Textiles—				
Artificial silk yarn	—	50,60	41,29	70,04
Cotton—				
Raw	11	6,71	4	87
Twist and yarn	4,98	77	1,23	5
Manufactures	45,22	36,76	31,89	22,06
Haberdashery and millinery	4,32	9,18	8,52	9,82
Silk manufactures	19,83	16,64	19,56	24,38
Piecegoods of cotton and artificial silk	—	1[illegible],64	16,04	21,17
Wool manufactures ...	4,07	62,23	32,02	74,98
Other articles	27,30	86,46	87,66	51,36
Total	1,44,84	4,50,52	3,58,77	3,94,83

APPENDIX IV.—*continued*

TABLE F

In thousands of Rupees

Articles	Pre-war average	1930-31	1931-32	1932-33
BELGIUM				
Imports therefrom—				
Artificial silk	—	2,57	1,73	1,93
Arms, etc.	26	1,66	3,02	3,65
Building materials	4,04	4,84	3,32	1,94
Cotton manufactures... ...	42,12	6,15	3,57	3,29
Dyeing & tanning substances	10,82	75	2,00	1,04
Earthenware and porcelain ...	3,45	1,26	36	54
Glass and glassware	16,92	17,53	12,69	15,03
Hardware	5,58	3,21	2,97	3,49
Liquors	1,50	2,06	1,40	1,15
Machinery and millwork ...	1,76	14,39	26,78	38,62
Manures	75	3,44	4,07	2,84
Metals—				
Brass	37	1,45	68	61
Copper	3,54	4,59	1,80	—
Iron	15,95	1,98	84	2,13
Iron or steel	45,46	2,18,14	1,18,67	93,87
Steel	63,54	51,01	33,90	27,17
Motor cars, etc.	4,15	1,21	68	56
Paints & painters' materials	2,08	4,85	3,25	3,36
Paper and pasteboard ...	5,00	5,42	4,51	3,99
Precious stones	1	30,50	28,65	68,71
Provisions	1,41	12,56	4,36	3,72
Railway plant, etc.	4,28	—	—	—
Sugar	29	76	47	2,66
Woollen manufactures ...	2,11	4,33	2,02	6,87
Other articles	40,61	63,26	39,83	54,67
Total	2,76,00	4,66,92	3,01,57	3,41,84

TABLE G

In thousands of Rupees

Articles	Pre-war average	1930-31	1931-32	1932-33
RUSSIA				
Imports therefrom—				
Beet sugar	(a)	44,77	86,85	8,89
Mineral Oils	19,86	56,04	—	13,86
Tea-chests	—	43	32	23
Other articles	2,42	2,51	7,45	13,55
Total	22,28	1,03,75	94,62	36,53

(a) Separately recorded from 1923-24

Reports by H.M. Trade Commissioners, Commercial, Diplomatic and Consular Officers on commercial and financial conditions in the following countries, issued, or in course of preparation, by the Department of Overseas Trade.

A.—During the year 1931.

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British Malaya ...	2s. 0d. (2s. 2d.)	Mexico	1s. 6d. (1s. 7d.)
Canary Islands ...	1s. 9d. (1s. 11d.)	Palestine	1s. 6d. (1s. 7d.)
Denmark	2s. 0d. (2s. 2d.)	Peru	2s. 6d. (2s. 8d.)
Dominican Republic and Hayti ...	1s. 9d. (1s. 10d.)	South Africa ...	2s. 0d. (2s. 2d.)

B.—During the year 1932.

No.			No.		
516	Angola ...	1s. 6d. (1s. 7d.)	504	Morocco ...	2s. 0d. (2s. 2d.)
505	Argentina ...	4s. 0d. (4s. 2d.)	512	Netherlands ...	3s. 6d. (3s. 8d.)
509	Belgium ...	3s. 6d. (3s. 8d.)	501	Netherlands E. Indies ...	3s. 6d. (3s. 8d.)
506	Brazil	2s. 6d. (2s. 8d.)	527	New Zealand ...	3s. 0d. (3s. 2d.)
526	British E. Africa	2s. 9d. (2s. 11d.)	514	Norway ...	2s. 3d. (2s. 5d.)
510	British W. Indies	3s. 0d. (3s. 2d.)	511	Poland ...	2s. 0d. (2s. 1d.)
517	Bulgaria ...	2s. 6d. (2s. 8d.)	528	Portugal ...	3s. 0d. (3s. 2d.)
508	Canada... ...	4s. 6d. (4s. 10d.)	525	Roumania ...	2s. 6d. (2s. 8d.)
533	Chile	1s. 6d. (1s. 7d.)	502	Salvador ...	1s. 0d. (1s. 1d.)
518	Cuba	1s. 0d. (1s. 1d.)	531	Southern Rhodesia ...	1s. 6d. (1s. 7d.)
515	Estonia ...	9d. (10d.)	523	Sweden ...	2s. 0d. (2s. 1d.)
507	Ethiopia ...	1s. 0d. (1s. 1d.)	522	Switzerland ...	1s. 6d. (1s. 7d.)
500	Germany (Jan.)	4s. 0d. (4s. 4d.)	524	Syria	1s. 6d. (1s. 7d.)
529	Germany (Nov.)	4s. 6d. (4s. 9d.)	519	Turkey ...	1s. 6d. (1s. 7d.)
503	India	3s. 6d. (3s. 10d.)	530	Venezuela ...	1s. 6d. (1s. 7d.)
532	Italy	2s. 6d. (2s. 8d.)	521	Yugoslavia ...	1s. 0d. (1s. 1d.)
520	Latvia	1s. 0d. (1s. 1d.)			
513	Lithuania ...	1s. 0d. (1s. 1d.)			

C.—During the year 1933.

No.			No.		
545	Algeria, Tunisia & Tripolitania	3s. 6d. (3s. 8d.)	540	Hungary ...	2s. 0d. (2s. 1d.)
551	Argentina ...	5s. 0d. (5s. 3d.)		India	(*See cover*)
547	Australia ...	4s. 6d. (4s. 9d.)		Iraq	(*In preparation*)
556	Austria ...	2s. 0d. (2s. 2d.)		Italy	(*In preparation*)
	Belgian Congo...	(*In preparation*)	541	Japan	3s. 6d. (3s. 8d.)
546	Belgium ...	4s. 0d. (4s. 2d.)	549	Netherlands ...	3s. 6d.(3s. 8d.)
539	Brazil	3s. 0d. (3s. 2d.)	550	Netherlands E. Indies ...	4s. 6d. (4s. 9d.)
554	Canada... ...	5s. 0d.)5s. 3d.)	552	Newfoundland	2s. 0d. (2s. 1d.)
548	Czechoslovakia	2s. 0d. (2s. 1d.)	536	Panama ...	1s. 0d. (1s. 1d.)
535	Ecuador ...	1s. 6d. (1s. 7d.)	534	Philippines ...	1s. 6d. (1s. 7d.)
	Egypt	(*In preparation*)	537	Portuguese East Africa ...	2s. 6d. (2s. 8d.)
	French West Africa ...	(*In preparation*)	555	Roumania ...	2s. 6d. (2s. 8d.)
553	Germany ...	4s. 6d. (4s. 9d.)	543	Siam	1s. 6d. (1s. 7d.)
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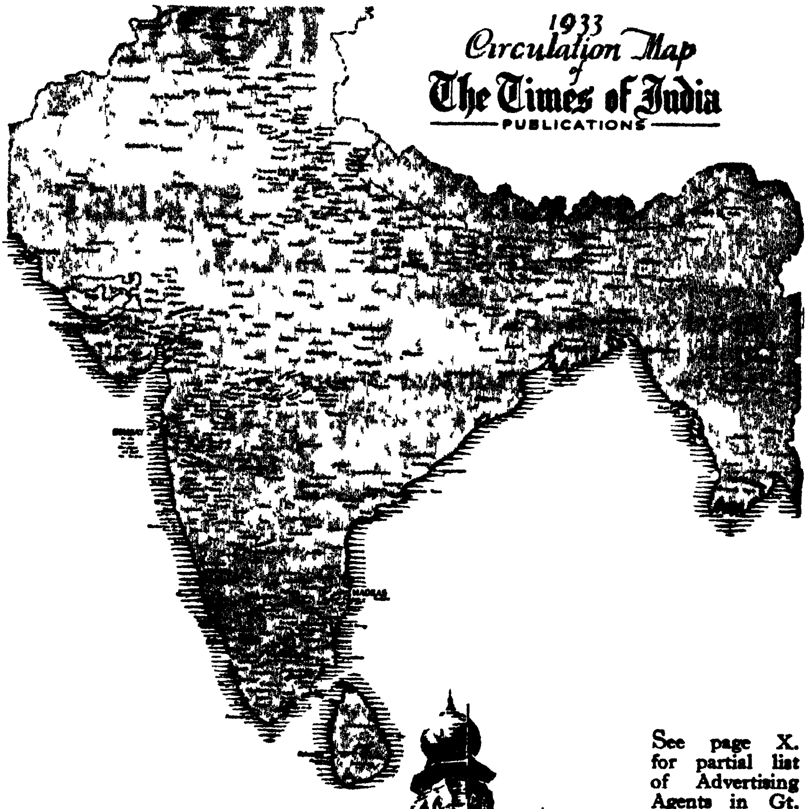
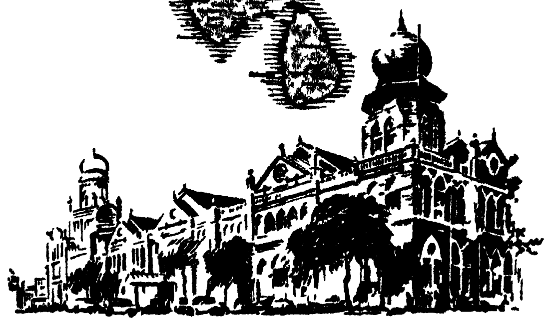
size 20" x 30", which will be sent post free by applying on your business note-paper, to W. T. COULTON, "The Times of India" Salisbury Square, London, E.C.4. It contains the names places throughout the Indian Empire where "THE TIMES OF INDIA" publications have selling agencies.





See page X. for partial list of Advertising Agents in Gt. Britain who place business with "THE TIMES OF INDIA" publications. A fuller list is given on the Map above mentioned.

THE BOMBAY OFFICES OF THE

"Times of India"

All particulars from

W. T. COULTON, "The Times of India" Salisbury Sq., London., E.C.4.

Telegrams: "Indiana, London." Telephone: Central 6662.